



Evaluation of the 'Supported Rent Flexibility' Pilot

Damon Gibbons

June 2018

Funded by



1. Executive Summary

The 'Supported Rent Flexibility' pilot was designed and delivered by the Centre for Responsible Credit¹, Well Thought Ltd., and Optivo Housing Association from January 2017 through to the end of March 2018. It provided a sub-group of Optivo's social housing tenants with the opportunity to set up a personalised schedule of rent payments – allowing them to under and overpay on their rent at different points in the year.

This offer was contingent on tenants engaging with Optivo's Money Matters service and undertaking an annual budgeting exercise to determine the months in which they were most likely to experience expenditure pressures.

The pilot was focused on working age, 'financially squeezed', Optivo tenants in London and the South East. These were eligible for the pilot if they were: (i) not in receipt of full Housing Benefit; (ii) had dependent children, and (iii) either had outstanding rent arrears of up to £500, or had been in arrears at any point in the previous twelve months.

The pilot was designed to test whether providing tenants with the opportunity and support to tailor their rent payments in accordance with their own knowledge of likely pressure points over the year could:

- Make it easier for people to pay their rent, without recourse to credit use and without cuts to living standards;
- Help people to plan ahead, and make it easier for people to save (especially if people reduced their use of credit as a result); and
- Improve their overall well-being (for example, by reducing stress and anxiety about money).

In addition, the pilot tested whether or not providing rent flexibility to tenants could build trust between tenants in financial difficulty and their landlord: and whether this reduced the need for, and intensity of, debt collection activity if they experienced subsequent problems.

About the evaluation

Our evaluation examined both the processes that we used to design and implement supported rent flexibility within Optivo, and also the outcomes that were achieved for tenants. We used a mixed-method approach to assess outcomes, utilising pre and post programme surveys based on the Money Advice Service's Adult Outcomes Framework and additional, in-depth, follow-up qualitative interviews. We also assessed rent payment performance amongst those tenants taking up rent-flex in comparison with a matched control group, and accessed Optivo's data on its CRM system to determine levels and quality of contact with Income Officers and Financial Inclusion staff within the organisation.

The pilot recruited 59 tenants who had not previously been in contact with Optivo's Money Matters service. These were recruited from a pool of 258 tenants responding positively to an e-mail survey about financial problems, of which half (129) were offered the opportunity to trial rent flex, and half were assigned to a control group.

The average level of rent arrears for tenants taking up rent-flex was £290, and the majority were single parents in employment.

¹ The Centre for Responsible Credit is an independently directed policy and research unit within Learning and Work Institute. For this evaluation, the Centre for Responsible Credit also wishes to acknowledge the significant contribution made by Gemma Glass at Optivo, Andy Eymond at Well Thought Ltd., and our CfRC Associate, Emma Hamilton.

Key findings

Tenants taking up the offer of rent-flex:

- Benefitted from their engagement with Optivo's Money Matters service. This led to increased take-up of welfare benefit payments and other direct financial support. In total, this has been worth in excess of £70,000 to the rent-flex group - an average of just under £1,200 per tenant using the scheme; and
- Reported improvements in their financial behaviours and well-being, as measured against a range of MAS' Adult Outcomes. In particular, we saw a reduction in the use of credit to meet essential needs, an improvement in living standards, and a reduction in money worries. Some tenants participating in the scheme improved their physical and mental health; their relationships with family and friends, and to a lesser extent their situation at work. There was also a considerable improvement in people taking control of their finances and planning ahead, although – unsurprisingly given the extent of financial difficulty amongst tenants entering the scheme - few have yet managed to start saving.

Although only eleven tenants have currently completed a full twelve months on the scheme, the initial impacts on overall rent payment performance are encouraging:

- Prior to entering onto rent flex, these tenants had combined rent arrears of £3,277 and average arrears of £290. After a full year on rent flex, eight tenants (72%) had paid more than their contractual rent, reducing their arrears. In some cases this improvement in rent payment performance was substantial. As a group, these eight tenants paid a combined amount of £2,983 in excess of their contractual rent – an average of £372;
- Only three rent-flexers that have completed twelve months in the pilot (23%) have increased their arrears, with most of this caused by changed circumstances such as a loss of employment impacting on Housing Benefit entitlement;
- In comparison, rent arrears are much more likely to have increased in the control group. Seventeen members of the control group have now had their rent accounts monitored for a full year. Of these, eleven (64%) have increased their level of arrears by an average of £1348. Only six (35%) of the tenants in the control group have reduced their arrears.

Looking at the wider rent-flex group (regardless of time they have spent in the scheme). Nearly two thirds (63%) of rent-flexers had paid at least the amount set out in their agreements as at 31st March 2018. This compares to just under half (45%) of the control group

Qualitative interviews with tenants and staff involved in the delivery of the pilot indicate that relationships of trust have been built. Even where tenants using rent-flex experience financial problems due, for example, to changes of circumstance affecting their Housing Benefit entitlement, they are more likely to maintain contact with staff and act on their advice than the control group.

Next Steps

The pilot is continuing within Optivo and further findings will be made available as greater numbers of tenants come through to the end of their initial 12 months on the rent-flex scheme. Tenants who have already been on the scheme for a full year are also continuing with this, offering the opportunity for further longitudinal study.

Optivo is also now committed to rolling out the rent-flex scheme to other groups of tenants, and the Centre for Responsible Credit will be looking to extend the trial into other partner organisations moving forwards.

2. Overview of the project

The ‘Supported Rent Flexibility’ pilot was designed and delivered by the Centre for Responsible Credit², Well Thought Ltd., and Optivo Housing Association from January 2017 through to the end of March 2018³. It provided a sub-group of Optivo’s social housing tenants with the opportunity to set up a personalised schedule of rent payments – allowing them to under and overpay on their rent at different points in the year. This offer was contingent on tenants engaging with Optivo’s Money Matters service and undertaking an annual budgeting exercise to determine the months in which they were most likely to experience expenditure pressures.

The pilot was focused on working age, ‘financially squeezed’, Optivo tenants in London and the South East. These were identified using Optivo’s existing Management Information. Tenants were eligible for the pilot if they were: (i) not in receipt of full Housing Benefit; (ii) had dependent children, and (iii) either had outstanding rent arrears of up to £500, or had been in arrears at any point in the previous twelve months.

The rationale for the project as a whole, as well as the targeted approach that was used, were informed by prior research. The financial pressures on low income households have increased in recent years and many are now over-indebted⁴. Whilst research indicates that many financial difficulties arise as the result of income shocks and unpredictable ‘life events’⁵ (e.g. the loss of work, onset of illness, or relationship breakdown), other factors, on the expenditure side of household budgets, also play a significant part. Many of these are much easier to predict.

In particular, households with children have been regularly reported⁶ as finding it difficult to meet the cost of Christmas; and for those receiving free school meals the additional costs of feeding children in the summer holidays can also be difficult. Other expenditure pressures – such as a likely need for car servicing or repairs or a need to replace essential household items - may also be known in advance by households.

Although these pressures are often small in nominal terms – typically a few hundred pounds - they can create a significant burden for low income households, many of which lack a savings buffer which can be used to meet them⁷.

² The Centre for Responsible Credit is an independently directed policy and research unit within Learning and Work Institute. For this evaluation, the Centre for Responsible Credit also wishes to acknowledge the significant contributions made by Gemma Glass at Optivo, Andy Eymond at Well Thought Ltd., and our CfRC Associate, Emma Hamilton.

³ The initial housing association partner for the delivery of the pilot was Amicus Horizon. In the early stages of the project, Amicus Horizon began a merger process with Viridian. This merger process was formally completed in May 2017, and Optivo was the new name given to the merged organisation.

⁴ See for example, ‘Britain in the Red’, TUC, 2016 at <https://www.tuc.org.uk/research-analysis/reports/britain-red-why-we-need-action-help-over-indebted-households>

⁵ ‘The Financial Capability Strategy for the UK’, Money Advice Service, 2015, p. 46

⁶ See Table 1, p. 10, ‘Can consumer credit be affordable to households on low incomes?’, Gibbons, D., Vaid, L., & Gardiner, L. (2011). Centre for Responsible Credit.

⁷ ‘Closing the Savings Gap’, Money Advice Service, 2016.

As a consequence, many households resort to using credit to meet the additional cost of these events (often at high cost)⁸. Whilst credit can be helpful to households to smooth out fluctuations in income and expenditure, the resultant repayments limit the amount of income that is available for spending, or saving, moving forwards⁹. Over-reliance on credit to meet basic needs over the course of a year also often leads to debt being 'rolled over' or refinanced. This further increases the total interest and servicing costs of credit, and can trap some households in a spiral of increasing indebtedness. This then has a knock on impact on their ability to meet the rent and pay other bills and also contributes to a wide range of negative welfare impacts, including mental health problems, such as depression and anxiety¹⁰.

However, it is important to note that not all households use credit as a response to expenditure pressures. Many are credit averse, and others lack access to credit products. In the face of financial pressure these households instead cut back on other areas of the household budget, including food and heating, or fall into arrears with rent, Council Tax, and utility payments. These responses also have negative implications for health, and incur costs for landlords and other service providers as they chase missed payments or take enforcement action¹¹.

The pilot was therefore designed to test whether providing tenants with the opportunity and support to tailor their rent payments in accordance with their own knowledge of likely pressure points over the year could:

- Make it easier for people to pay their rent, without recourse to credit use and without cuts to living standards;
- Help people to plan ahead, and make it easier for people to save (especially if people reduced their use of credit as a result); and
- Improve their overall well-being (for example, by reducing stress and anxiety about money).

In addition, a further, key objective, of the pilot was to test whether or not providing supported rent flexibility to tenants could build trust between tenants in financial difficulty and their landlord. Specifically, the pilot sought to determine whether tenants using supported rent-flex would be more likely to report financial difficulties arising from other unpredictable events that they experienced over the course of the year, therefore reducing the need for, and intensity of, debt collection activity. The full theory of change is set out in Figure 1, below.

⁸ See, for example, Banks et al, (2013), 'Debt on Teeside: pathways to financial inclusion', Durham University.

⁹ Orton, M. (2008). 'The long term impact of debt advice on low income households: Project working paper 2, The Year One Report'. Warwick: Warwick Institute for Employment Research & Friends Provident Foundation.

¹⁰ For a summary of negative welfare effects see p. 18, Gibbons, D. (2013). 'Tackling the High Cost Credit Problem: the importance of regulatory databases'. Centre for Responsible Credit.

¹¹ For example, Jones, P., & Barnes, T. (2005). 'Would you credit it? People telling stories about credit' report that some low income households who have previously got into financial difficulties as a result of credit use become highly averse to using it again. The wider problem of lack of access to credit products has been comprehensively researched: for a summary of relevant studies see Mitton, L, (2008). 'Financial Inclusion in the UK: review of policy and practice'. Joseph Rowntree Foundation.

Figure 1: Theory of Change



Project activities

‘Supported Rent Flexibility’ is a completely new intervention. However, it built upon the existing Money Matters Service within Optivo to deliver this.

The Money Matters Service provides advice on money management and budgeting issues, and is available to all of Optivo’s tenants. It provides help to claim benefits, obtain grants from charities, and gives advice to help tenants cut costs – for example by helping them to switch their utility providers. It can also help with debt problems, although it refers tenants to specialist debt advice providers in serious cases.

The pilot therefore sought to build on this service by:

- Pro-actively identifying tenants in the target group;
- Marketing rent-flex to them;
- Engaging respondents with the Money Matters service to address any immediate financial problems, and helping them to draw up a personalised schedule of rent payments for the year. Tenants were only provided with Rent-Flex once they had completed their engagement with the Money Matters Service to ensure that this was appropriate and manageable;
- Checking that the tenant could manage their rent account on-line;
- Agreeing the personalised rent payment schedule (the Rent-flex agreement) with the Income Team, and confirming this with the tenant; and
- Providing ongoing support throughout the year by giving the tenant named contacts in both the Money Matters and Income Team.

In addition, the project also undertook both a process and outcomes evaluation as summarised in the following sections.

3. Overview of the evaluation approach

Our evaluation examined both the processes that we used to design and implement supported rent flexibility within Optivo, and also the outcomes that were achieved for tenants. This section now focuses on how we have evaluated tenant outcomes. Further detail of the approach taken with respect to the process evaluation, and the findings from that, can be found in section 5, below.

Outcomes evaluation: research questions and summary of methods

Our primary research question for the outcomes evaluation centred on whether or not the provision of supported rent flexibility improved the ability of tenants to manage their money effectively and pay their rent.

However, we also had a number of supplementary research questions which reflected our theory of change for the pilot. These were¹²:

- Does the offer of ‘supported rent flexibility’ improve tenant engagement with financial capability services?

¹² We had also originally intended to conduct an economic evaluation of the costs and benefits of providing rent-flex. This was primarily to be based on an analysis of rent performance across the rent-flex and control groups. The indications at this stage are that whilst the control group has increased its arrears by 5 percent, the rent-flex group (in the aggregate) has paid what was expected of it. However, with only 11 tenants having completed a full year on the scheme, it would be premature to assume that this will remain the case. Further monitoring will continue by Optivo and an update provided when all current rent-flexers have completed a full twelve months.

- Does it improve the financial well-being of tenants, as measured in accordance with the MAS Adult Outcomes Framework?
- Are tenants who take up the rent flexibility offer more likely to pro-actively contact their landlord if they have financial problems, and if so, does this reduce the need for intensive debt collection activity?

To answer these questions, we used a mixed-method approach which incorporated both quantitative and qualitative analysis. The approaches used are summarised in table 1, below.

Table 1: Summary of research questions and methods used

Research Question	Research method
Does offering 'supported rent flexibility' improve tenant engagement with financial capability services ¹³ ?	Comparison of take-up of Money Matters service amongst tenants offered 'rent flex' with take-up by a 'control' group
Does using supported rent-flex improve the financial well-being of tenants?	Pre and post surveys of financial well-being amongst the rent-flex group using questions from the MAS Adult Outcomes Survey
Are tenants who take-up rent flex more likely to pro-actively contact their landlord if they experience financial problems, and does this the need for intense rent collection activity?	Income Officer reports based on the CRM systems concerning the level of contact with tenants on rent-flex and those in the 'control' group. This quantitative data was supplemented by additional qualitative comments from the Income Officer concerning the quality of these interactions.
Does supported rent-flex help people to pay their rent?	Analysis of rent performance data and the level of rent arrears amongst rent-flexers compared to the control group.

Further methodological detail

Our original intention was to undertake a randomised control trial in the expectation that numbers engaged by the pilot would be large enough to provide a statistically robust analysis of rent repayment patterns to determine how supported rent flex affected this.

However, the need to construct a control group had the consequence of halving the potential number of rent-flexers involved in the pilot. We comment further on this below. We also experienced problems engaging tenants in the scheme (see section 5). As a result, whilst we are able to provide a comparison of rent performance between 'rent flexers' and the control group, the numbers involved are not sufficient for the results to be statistically significant at this stage.

Nevertheless, the control group has proved useful in answering our secondary research question concerning whether or not offering rent-flex improves the take-up of budgeting and financial capability support.

Recruiting the 'rent-flexers' and constructing the control group

Utilising its existing management information, Optivo identified a pool of just under 2,600 potentially eligible tenants for the pilot. An e-mail survey was sent all of these tenants over

¹³ We considered that this may be the case because previous research undertaken by the Centre for Responsible Credit had highlighted that people in financial difficulties may be more likely to engage with services which provided 'tangible offers of support' to them rather than those which referred to general help being available for 'financial problems'.

the course of the pilot, although in order to manage the on-boarding process to the scheme these surveys were sent out in batches of between 100 and 300 per week.

The e-mail survey asked three questions about money worries:

- How often do you run out of money before the end of the week or month?
- How often have you been worried about money or debt in the past few weeks?
- How often do you avoid answering the phone or opening the post because you worried that you are being chased for money that you owe?

It also then informed tenants that Optivo was considering offering 'Rent Flex' to its tenants. It explained this as “a flexible rent payment system that means you will be able to over-pay and under-pay your rent at different times of the year. You can meet your other monthly commitments without the need to take out other expensive loans”. The survey then asked whether or not tenants thought this was a good idea.

Tenants were incentivised to answer the survey, as respondents were entered into a prize draw with the possibility of winning a Kindle Fire tablet. Overall, the survey received a response from 402 tenants¹⁴, of which 258¹⁵ expressed the view that rent-flex was a good idea.

On average, each batch of surveys produced 12 tenants interested in rent-flex. These 'positive responders' were then bundled together into groups of 30. Half were assigned into a rent-flex offer group, and half into a control group. That assignment was conducted by the Learning and Work Institute, which received anonymised information for each tenant relating to their age; location; the proportion of the rent met by Housing Benefit; the level of any current arrears, and the number of dependent children in the household.

Once each group of thirty tenants had been assigned in this way, the rent-flex offer group was then contacted and told that they had been selected for the rent-flex pilot and asked to get in touch with Money Matters to set this up. A total of 59 people (45%) out of the 129 people in the offer group subsequently received support from Money Matters and entered into a rent flex agreement as a result.

The control group were thanked for their response to the survey and told that Money Matters were available if they needed help with any financial problems. None of the 129 people in this group subsequently contacted Money Matters for help.

The construction of the control group also enabled us to examine data held on Optivo's CRM system to determine the difference in the level of contact being made by rent-flexers and other tenants in similar circumstances to these with Optivo's Income Officer. We have also interviewed the Income Officer to obtain further insight into the quality of those interactions, and comment further in this respect in section 5, regarding the process evaluation.

Assessing the financial well-being of Rent-Flexers

However, the main focus of the outcomes evaluation has been on the financial well-being of people using rent-flex over the course of the pilot. To assess this, we conducted pre and post intervention surveys with tenants. These took place at least six months apart, and used questions from the MAS Adult Outcomes Framework.

The survey responses have been further supplemented by additional qualitative phone interviews with twelve rent-flexers. The interviews have informed both the process and outcomes evaluation, and helped us to understand the contribution that the project has made

¹⁴ Disregarding 200 surveys which bounced back from their e-mail addresses, this was a response rate of 16.75%.

¹⁵ 64.1% of those responding, and 10.7% of all those contacted.

to any observed improvement in financial well-being outcomes. In particular, the interviews were used to examine the different contributions made by each of the two main elements contained in the supported rent flex offer: these being both the income maximisation activity from the Money Matters team; and the flexibility offered with rent payments.

4. Key Findings: Impact Evaluation

This section now reports on the outcomes that we have been able to identify for tenants taking up the offer of rent flexibility. It indicates that tenants taking up the offer of rent-flex:

- Benefitted from their engagement with Optivo's Money Matters service. This led to increased take-up of welfare benefit payments and other direct financial support. In total, this has been worth in excess of £70,000 to the rent-flex group - an average of just under £1,200 per tenant using the scheme; and
- Reported improvements in their financial behaviours and well-being, as measured against a range of MAS' Adult Outcomes. In particular, we saw a reduction in the use of credit to meet essential needs, an improvement in living standards, and a reduction in money worries. Some tenants participating in the scheme improved their physical and mental health; their relationships with family and friends, and to a lesser extent their situation at work. There was also a considerable improvement in people taking control of their finances and planning ahead, although, few have yet managed to start saving.

Although the number of tenants currently having completed a full twelve months on the scheme is currently very limited (11), overall rent payment performance is improved for the majority of these tenants:

- Prior to entering onto rent flex, these tenants had combined rent arrears of £3,277 and average arrears of £290. After a full year on rent flex, eight tenants (72%) had paid more than their contractual rent, reducing their arrears. In some cases this improvement in rent payment performance was substantial. As a group, these eight tenants paid a combined amount of £2,983 in excess of their contractual rent – an average of £372;
- Only three rent-flexers of the eleven rent-flexers completing twelve months in the pilot (23%) increased their arrears over the year. However, the arrears levels in these cases have increased significantly, by an average of £1268 per tenant;
- In comparison, rent arrears are much more likely to have increased in the control group. Seventeen members of the control group have now had their rent accounts monitored for a full year. Of these, eleven (64%) have increased their level of arrears by an average of £1348. Only six (35%) of the tenants in the control group have reduced their arrears.

We now report the evidence supporting each of these headline findings in turn.

Rent-Flexers have benefitted from engagement with the Money Matters Service

None of the tenants contacted as a result of the Supported Rent Flex pilot had previously used Optivo's Money Matters service. This is not surprising as the pilot target group was not a traditional priority for the service – which had tended to receive internal referrals from Income Officers when tenants were at a much more advanced level of rent arrears.

As reported in section 3, above, the process of offering supported rent flex to 129 tenants resulted in 59 (45%) of these subsequently engaging with Money Matters and receiving support with their finances prior to entering into their rent flex agreement. In contrast, although the Money Matters service was also offered to a further 129 tenants assigned to the control group, none of these subsequently sought any financial help. This was despite the fact that

the rent flex and control groups were balanced in respect of their ages, locations, level of Housing Benefit, rent arrears, and numbers of dependants.

In our follow-up qualitative interviews with twelve rent flexers, we asked them whether they were aware of Optivo's Money Matters service prior to taking part in the pilot. Only one of these had any prior awareness, having been advised about Money Matters by her Income Officer when she had a problem with her Housing Benefit. This was about a month prior to starting on rent-flex, but she had not followed through and made an appointment with the service on that occasion.

None of the other tenants we spoke to were aware of Money Matters prior to starting on rent-flex, and several were genuinely surprised about the support that was on offer.

"I had no idea about Money Matters. When they told me I could have rent-flex I thought it was a raffle. I didn't think it was for real! My neighbour said "what about me?!"

However, it was the offer of rent-flex, and specifically the offer of having a month rent-free, rather than one of general help with their financial problems which was particularly attractive to tenants and which secured their initial engagement.

"The moment I saw I could have a month rent-free. I was like, yes, I could do with that!"

"I think it was that having that offer of a month where you don't have to think about the rent. That we could, near Christmas, we could have that break from it. Then you know you can do Christmas and know that the kids will be alright."

"No rent for a month! And you'd have to pay back such a small amount each week or month."

We therefore find that the marketing of rent-flex resulted in a significant up-lift in engagement with Optivo's Money Matters team.

The direct financial benefits of engagement

Further to this, most 'rent-flexers' received a direct financial benefit from engaging with the Money Matters service, and in some cases the value of this was considerable.

54% (32) of all rent-flexers received direct financial benefits as a result of Money Matters interventions. These were captured through Optivo's CRM system, which records all direct financial outcomes secured for Money Matters clients.

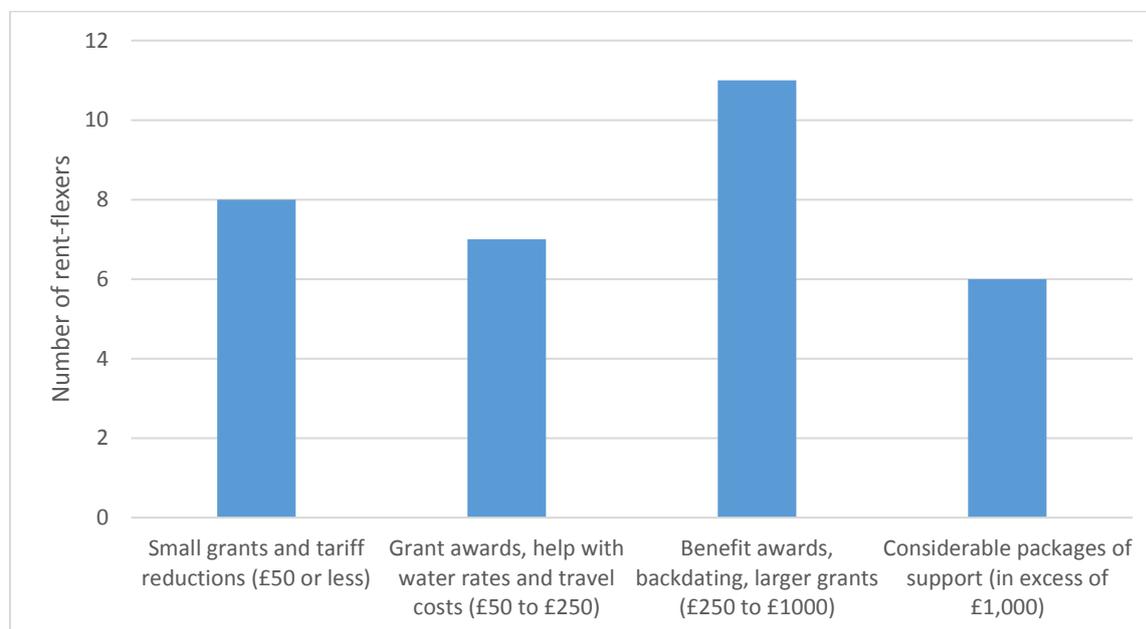
In total, just over £70,000 of financial benefits have been recorded on this system for rent-flexers since they started the trial. The specific outcomes for each rent-flexer vary and have ranged from small (£50 or less) value emergency grants for food, fuel or clothing to more substantial packages of support which have involved helping parents to obtain discounted travel cards to reduce the bus and rail fares of their older dependants (worth around £400 per year), and in some cases helping people to claim benefits that they were unaware of; backdate claims; or to obtain Discretionary Housing and other Local Welfare payments.

For example, for one 53 year old single parent the Money Matters service secured a £970 discretionary payment to reduce a water rates debt, and helped her move onto a cheaper tariff, which capped ongoing charges at £150 per year (saving her over £300). Money Matters also identified that the tenant's two non-dependent sons were entitled to Universal Credit and obtained a six month backdating of this worth £317 each per month. This also led to a claim for Council Tax Support to be backdated. Finally, a referral was also made to Optivo's

Community Development Team who have been providing the two sons with support to find work.

A breakdown of the numbers of rent flexers receiving direct financial benefits as a result of Money Matters interventions, according to the value of these, is provided in figure 2, below.

Figure 2: Breakdown of financial benefits delivered by Money Matters to rent-flex group



In addition to these direct financial benefits, the Money Matters service also provided help for rent-flexers to set up repayment plans in respect of pre-existing utility arrears, negotiated reductions in the rates of recovery for Housing Benefit and Council Tax support overpayments, and helped four people to open credit union accounts.

The Money Matters service also made five further referrals to Optivo’s Employment and Community Development services which can assist people looking for employment. In one of these cases it assisted the tenant’s husband to obtain a licence from the Securities Industry Authority which led to full-time employment, and in another the rent-flexer herself secured a job as an Optivo Customer Services Assistant with a starting salary of £21,500 per year.

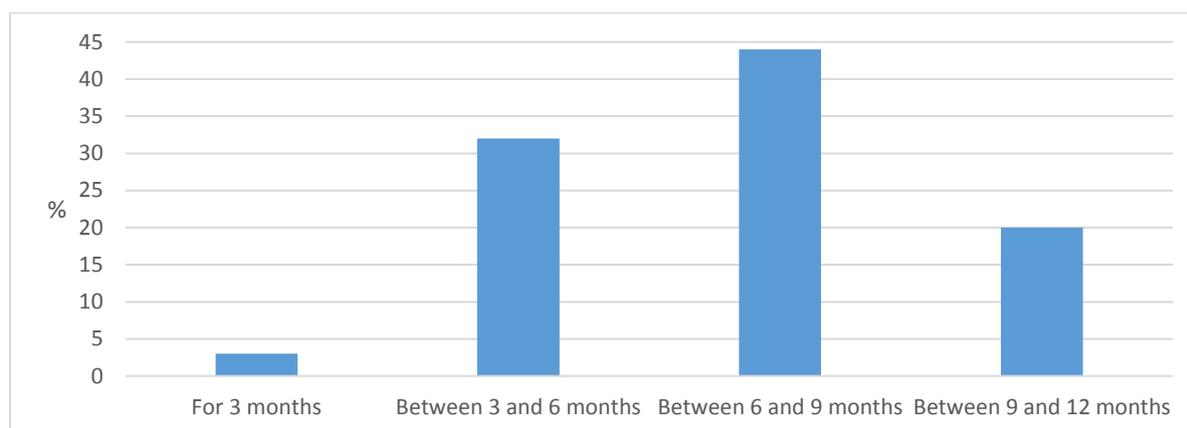
Taking these other forms of assistance into account a total of 48 (81%) rent-flexers received a direct benefit from their engagement in the pilot in addition to that offered by the rent flexibility itself.

Improvements in the financial behaviours and well-being of rent-flexers

To assess the impact of the pilot on financial behaviours and the well-being of rent-flexers we surveyed them at the point of entry into the scheme and again at least six months afterwards.

Due to recruitment delays (see section 5, below), it should be noted that not all of the 59 people currently using rent-flex have done so for at least six months. However, nearly two-thirds (38) have done so, and the outcomes reported in this section are based on this subgroup. Figure 3, below, shows the percentage of rent-flexers in each of our different cohorts as at 31st March 2018.

Figure 3: Percentages of rent-flexers in each recruitment cohort; months spent on the scheme (n=59)



Reflecting our theory of change we included questions in our surveys drawn from the MAS Adult Outcomes Framework in respect of financial well-being and financial behaviours (see table 2, below).

Table 2: Theory of Change, MAS Adult Outcomes and Indicators used in the development of pre and post intervention surveys

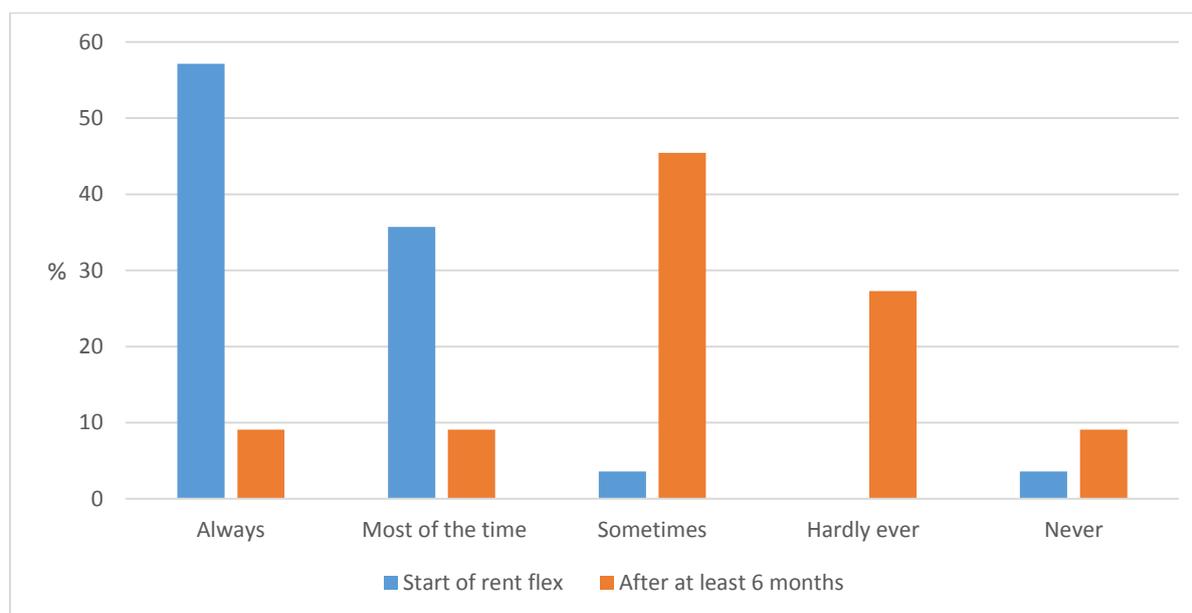
Theory of change outcome	MAS Adult Outcomes Framework	Indicators and focus of survey questions
People do not run out of money or use credit just to get by	Managing your money well day-to-day	Number of people running out of money or using credit just to get by
There is a reduction in material deprivation	Material deprivation	Number of people able to afford to feed themselves at least two meals a day, maintain a warm home, and undertake a range of other activities such as affording to socialise or to go on holiday once a year.
People worry less about their financial situation	Finances and emotional/mental well being	Number of people reporting less stress and anxiety about their finances
People are able to save more	Saving on a regular basis	Number of people increasing their level of savings

We now report on the outcomes achieved by the project in respect of each of the above MAS Adult Outcomes in turn.

Managing your money well day-to-day

Overall, tenants who have been using the rent-flex scheme for at least six months report a considerable improvement in their ability to manage their money on a day to day basis. Entering the scheme, over half (57%) of tenants told us that they ‘always’ ran out of money before the end of the week or month, and a further third (36%) did so ‘most of the time’ (figure 4, below).

Figure 4: How often do you run out of money before the end of the week or month? (n=38)



After at least six months on rent-flex, the proportions of tenants reporting that they ‘always’ ran out of money, or did so ‘most of the time’ both reduced to one-tenth. Over one third of rent-flexers report that, after at least six months of using the scheme, they now ‘hardly ever’ or ‘never’ run out of money. However, just under one half still do so ‘sometimes’. We believe that this is due to the relatively small nominal amount of budget flexibility that is provided in the scheme for some tenants, and comment on this further when considering data on rent payment performance.

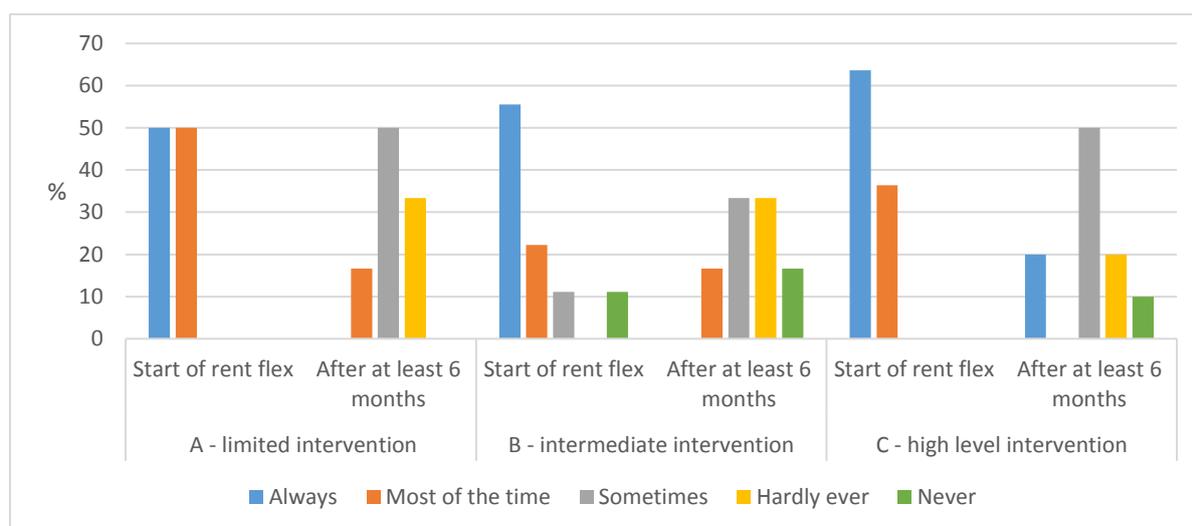
We have also been keen to understand whether this improvement in the ability of rent flexers to manage their money has been driven by the flexibility provided with rent payments itself, or because of more generally improved financial circumstances achieved as a result of Money Matters interventions, or independently by tenants themselves since they joined the scheme.

We therefore conducted further analysis of the survey responses to see if there was any difference in results depending on the level of financial help that people had received from the Money Matters service. This involved the classification of rent-flexers into three groups: those who had not needed any support from Money Matters or received support valued at below £100; those who had received limited financial support valued at between £100 and £500, and those who had received support worth in excess of £500. The results are shown in figure 5 on the following page. This illustrates that:

- Even those tenants who received little or no intervention from Money Matters (group A), reported that they either always ran out of money, or did so most of the time when they first started on the rent-flex scheme. However, after at least six months of using rent-flex, none of these reported that they ‘always’ ran out of money, and only 16% did so ‘most of the time’. Around half of them continue to do so ‘sometimes’, but over a third now ‘hardly ever’ do so.
- For the tenants receiving an intermediate level of intervention from Money Matters (group B) there has been a considerable improvement in their reported abilities to manage on a day to day basis. Although over half (55%) reported always running out of money at the start of rent-flex, none now do so. In addition, nearly half of tenants in this group now either never run out of money or hardly ever do so.
- Finally, the proportion of tenants requiring high level interventions from Money Matters (group C) who always ran out of money prior to starting rent-flex was higher still. Nearly

two-thirds did so, with the remainder running out of money ‘most of the time’. Although there has been a significant reduction in the proportion of these that are still running out of money on a regular basis, one fifth of them continue to do so. This indicates that despite the considerable interventions made by Money Matters and the increased flexibility that they have had with their rent payments, some tenants have considerable, ongoing financial difficulties¹⁶. Nevertheless, the interventions made by Money Matters and the use of rent flex have clearly had a significant impact on most of the tenants in this group: a fifth of them now hardly ever run out of money, and a tenth of them now never do so.

Figure 5: Rent-flexers ‘running out of money’, by level of Money Matters intervention (n=38)



These findings indicate that providing tenants with rent flexibility improved their ability to manage their finances, irrespective of whether they also received help of direct financial benefit from the Money Matters service. This has also been corroborated by tenants in our follow-up qualitative interviews. The sample frame for those interviews was created using the classification above, and the tenants responding were therefore drawn from across all three groups.

For example, one single parent with two children aged 13 and 16, and who did not receive any direct financial benefit as a result of Money Matters interventions prior to setting up her rent flex agreement, told us how the scheme had helped her to escape from regular use of high cost door to door lenders:

“I took up the rent-flex scheme in November, so that I could get through Christmas. I think it’s a brilliant scheme. I have used Provident – the doorstep lender – previously. Although it was extortionate, I knew that if someone came to the door each week, I’d pay. I had a £400 loan with them, and paid back nearly £900! This time, I used the rent flex instead of taking a Provident loan to pay for Christmas. Without it I would have panicked and taken another loan.”

Other rent-flexers told us that although their interaction with Money Matters hadn’t significantly increased their income, undertaking the budgeting exercise to calculate the amount of rent

¹⁶ We comment further on the reasons for this later in this section.

flexibility they needed, and when, had made a real difference to them. A single parent, with a five year old daughter, and working part-time told us:

“I think it was the experience of the year before which attracted me to rent-flex. I hadn’t had any money left during the school summer holidays. So I had a session with [the Money Matters Financial Inclusion officer for the project] and went through all the money I was spending. Then after we’d done the budget, she brought me into rent-flex. I used some of it in August, to buy a new school uniform and a P.E kit for my daughter, and I also used some of the flex in December, mainly for gas and new clothes for my daughter. I even had some extra money left over in January, which was good as it helped with the cost of food and other bills until she went back to school.”

Reducing the use of credit

Rent-flex allowed people to underpay on their rent from the very start of entering onto the scheme. This was an important part of its design and recognised that many of the target group of tenants would likely already be in debt. Although, on average, the amount of rent flex that they could access was small (in the region of £380) this was close to the typical amount of a payday loan or overdraft facility for lower income households. Rent-flex could therefore be used to pay off these types of borrowing at the outset. Alternatively tenants could work with the Financial Inclusion Officer in Money Matters to plan for periods when their expenditure pressures would be at their greatest and use rent-flex instead of taking out new borrowing at those times in the year.

The indications are that tenants used rent-flex in both of these ways and that the supported rent-flex pilot achieved its objective of reducing credit use. Figure 6, below, reports the considerable reduction achieved by the pilot in this respect.

Prior to starting on rent-flex, half of the tenants told us that they regularly used credit to buy food or pay for other necessary items because they ran short of money. A further seven percent reported that they did so ‘sometimes’, and only 43 percent that they never used credit in these circumstances.

Figure 6: Do you or your household ever use credit to buy food or pay for other necessary items because you have run short of money? (n=38)



After six months of using rent-flex, only five percent of tenants used credit to pay for essentials on a regular basis, and nearly three quarters never did so.

As well as reducing the overall likelihood of tenants using credit to pay for food and other essentials, where people did still borrow for this purpose there was a shift away from commercial interest bearing products towards borrowing from family and friends and, in some cases, towards more affordable social lending from credit unions and other community based lenders (table 3, below).

Table 3: Types of credit used by rent-flexers, start of project and six months later (n=38)

Type of credit used	Start of rent flex (%)	After at least 6 months (%)
Overdraft	33	6
Credit or store card	25	12
Loan from friend or relative	13	71
Social Fund or Local Welfare loan	8	0
Payday loan	8	6
Door to door lender	10	0
Pawnbroker	3	0
Credit union or other community lender	0	6
Total (%)	100	100

The pilot particularly reduced the use of overdrafts, credit cards and door to door lenders. This was achieved by providing tailored, and sometimes intensive, budgeting support, welfare rights and debt advice, as well as by providing rent-flex itself.

For example, one single parent with a fifteen year old daughter who was working and studying part-time told us that prior to starting on rent-flex she was perpetually in her £250 overdraft and that she often exceeded this limit going up to as much as £350 in debt and being charged additional fees. Engaging with the rent-flex pilot ensured that she was provided with budgeting support, and this led to her being able to reduce her outgoings and overdraft borrowing, and by flexing her rent, take her daughter on holiday for the first time in eleven years:

“[The Financial Inclusion Officer] visited me at home, and went through my budget...I’d never done any budgeting before, and it was really helpful, [the Financial Inclusion Officer] had loads of ideas to help me cut down on my spending. She filled in a form to do with my water rates, which reduced that bill as well. She was so helpful. We went through loads that day. She didn’t rush and we really got on top of things. I had a Sky broadband package before, but we changed that and made some other savings...

And then I used rent-flex to have a month rent free the following month, and it was the best thing that could ever have happened. I used the money to take my daughter on holiday for 14 days. The last time we’d had a proper holiday was when she was 4 or 5 years old, so eleven years ago! And even though I still use my overdraft, we could afford it, because now I only go into it by about £150 and I don’t get charged any extra.”

Another rent-flexer told us how a significant package of support provided by Money Matters, combined with rent-flex, had helped them to escape from mounting indebtedness.

“I had a lot of debts. I was always borrowing. I had about eight loans, including three credit cards at one point. I was taking payday loans just to pay the rent. I was also in debt with the water and Council Tax. [The Financial Inclusion Officer] was brilliant. She got me so much help. I got a grant to reduce my water debt, and she helped to set up payment plans for the rest of it, and for my Council Tax. She also helped me to get a grant

for a new bunk bed for the kids, and because my son is autistic she helped me apply for Carer's Allowance and Income Support. That's made a real difference and then I used the rent-flex in August, to help with the cost of the school holidays and to pay for his school uniform when he went back.

Rent-flex has helped a lot! Previously I felt that I had to take out a loan to pay the rent, but now it doesn't happen anymore. Without rent-flex I would have had to take out a loan to pay for the school uniform, but I started seeing things differently and now I manage without loans."

And we also heard how the combination of budgeting support and rent-flex helped people to stop using high cost door to door loans. As one single parent told us:

[The Financial Inclusion Officer] reduced the amount I was paying back on a Housing Benefit overpayment. That cut my costs a fair bit, and I used the rent-flex to pay off my Provident loan. I used the rent-flex at Christmas, and just paid the loan off and bought presents for my Grandchildren with the rest."

Reducing material deprivation

Whilst reducing the use of the credit was a clear objective for the pilot, we also understood that not all households used this. For tenants who were either credit averse, or who did not have access to credit products, the impacts of increased financial pressures at certain times of the year were likely to be seen in cut backs to other areas of the household budget. As noted above, 43 percent of tenants stated that they never used credit to pay for essentials even prior to their engaging with rent-flex.

To better understand the living conditions of tenants entering onto the scheme, the surveys therefore included questions concerning the things that these could afford to do. This list covered:

- Eating at least two meals per day
- Keeping the home warm in winter
- Have an outfit to wear for social or family occasions
- Maintaining the home in a reasonable state of decoration
- Having friends or family round for a drink or meal once a month
- Affording transport costs for places they needed to go
- Replacing a major electrical appliance (e.g. fridge)
- Buy presents for friends of family once a year
- Going out to socialise or 'treating yourself', and
- Taking a week's annual holiday away from home.

Surveys undertaken with tenants at the outset of their engagement with rent-flex revealed a high level of material deprivation. Nearly two thirds (60%) of tenants were unable to afford more than the first two of the items on the list, and a further fifth unable to afford more than three.

Further to this we also asked how often tenants worried about 'not being able to put food on the table'. At the outset of the scheme, just under half (45%) of tenants told us that this was a constant concern, and a further 10 percent that they worried about this 'quite often'.

Reflecting the low numbers of people who could afford transport or to go out socialising, nearly three quarters of tenants (71%) told us that they felt isolated 'all of the time' as a result of their financial situation.

After six months in the rent-flex scheme, the living conditions of rent-flexers had improved considerably. None of them now worried about putting food on the table on a regular basis, whilst a third did so 'only sometimes'. The remaining two-thirds, never did.

In addition, after at least six months on rent-flex 84 percent of tenants were able to afford at least the first five items in our list, and 40 percent of them reported being able to afford nine or ten.

Levels of isolation also dropped dramatically. After six months, only five percent of tenants reported that they felt isolated 'all of the time', and 84 percent of them now felt so only sometimes (50%) or never at all (34%).

Some of this improvement in material living standards was related to the reduction in credit use noted earlier. For example, one couple with children told us:

"I was in so much debt. But it has started slowing down. Things have started to change. We couldn't just suddenly stop using credit, but it has changed. We only have one loan left to pay, and the last time we borrowed money was last year, October 2017. We're seeing much more of our money, and instead of just spending it on loan payments and interest, we can afford to buy more and better food.

For others, their pre-existing material deprivation was directly addressed by the interventions made by the Money Matters service. This included obtaining grants for people to obtain new cookers, fridges, and other white goods, as well as carpets and other essentials.

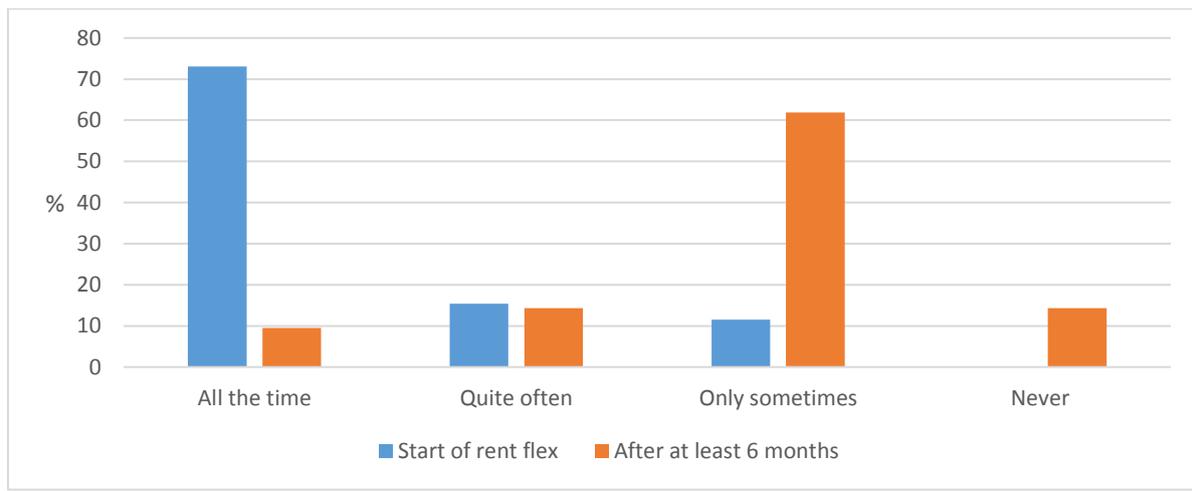
However, learning how to budget more effectively, and planning ahead to use their rent-flex also helped many of the tenants.

"Being on rent-flex helped us to get ahead of the bills. It was good to get ahead rather than be behind all the time, and it gave us space to think about what was coming up. My partner needed a car to get to work, so we were able to sort out the insurance, which was renewed in October. And then we were able to take the kids away in the half term. So were able to do things with the kids more. We used a bit more for Christmas too, so the kids definitely benefitted."

Worrying less about money

Unsurprisingly the high levels of debt and material deprivation that many tenants experienced prior to starting on rent-flex led them to worry about money on a regular basis. Our initial surveys with rent-flexers revealed that 70 percent of them worried about money and debts 'all the time' and a further 15 percent did so 'quite often' (figure 7, below).

Figure 7: How often do you worry about money and debts? (n=38)

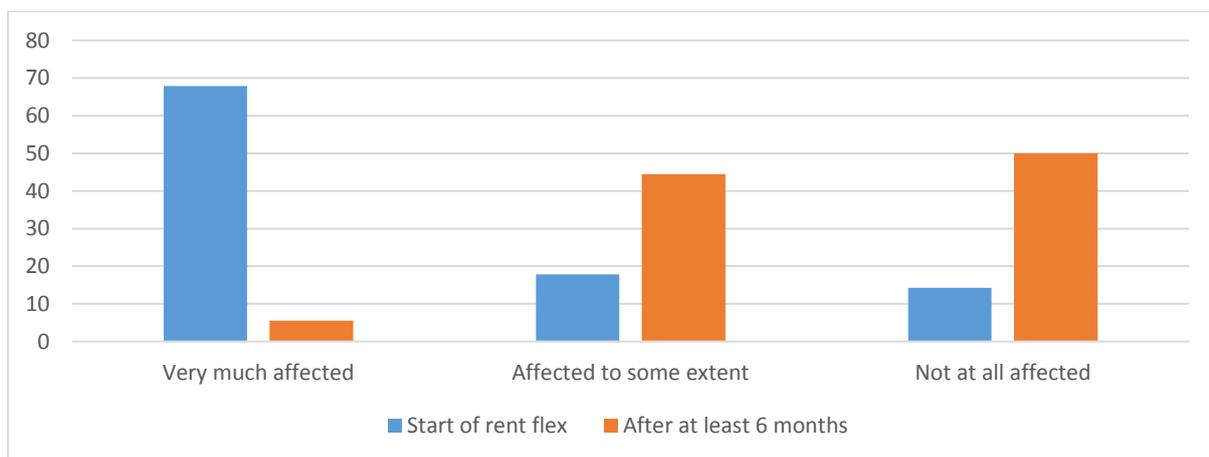


The project’s interventions have dramatically improved this position. After spending at least six months in the scheme only 10 percent of tenants now worry constantly, and over three quarters now do so only sometimes or never at all.

Improved well-being

This reduction in money worries has had a number of positive impacts on the well-being of rent-flexers. For example, 68 percent of people starting on rent-flex told us that their money worries ‘very much affected’ their physical and mental health at that point. After spending at least six months in the scheme, this had reduced to just 6 percent (figure 8, below) and an additional third of all tenants reported that money worries no longer negatively impacted on their health at all.

Figure 8: To what extent is your physical or mental health affected by money worries? (n=38)



Our follow up qualitative interviews with rent-flexers provide several insights into how this reduction in stress and anxiety related to money and debt issues was achieved.

Firstly, having been attracted by the prospect of rent-flex, engagement with Money Matters helped people to face up to problems that they were previously ignoring:

“I wasn’t in a very good place...there were lots of outstanding things. I wasn’t in control. I couldn’t even open letters. I gave them to [the Financial Inclusion Officer] and she sat opening them...That meeting with her has really changed my behaviour. She is amazing. She realised that a phone call wasn’t going to be enough, and that I needed more than that. So she

made effort of coming from London to see me and find out what was actually going on.”

Secondly, the process of setting up rent-flex helped people to establish a budget and to plan ahead:

“The way they set rent-flex up – that helped me to plan financially before getting onto the scheme. It was like a weight off my shoulders. If I’d gone straight onto it without getting other things under control first, I think I’d still not have been able to pay my rent.”

The combination of help from Money Matters and being on the rent-flex scheme also improved peoples’ confidence and made a real difference to the quality of life that many tenants experienced. For example, one single parent told us:

“If it wasn’t for rent-flex I wouldn’t know how to speak to someone about it without letting things pile up, which previously led me to depression. Now I know I can speak to someone about it, it’s much better.”

Another told us that she had stopped having anxiety attacks and no longer suffered from insomnia:

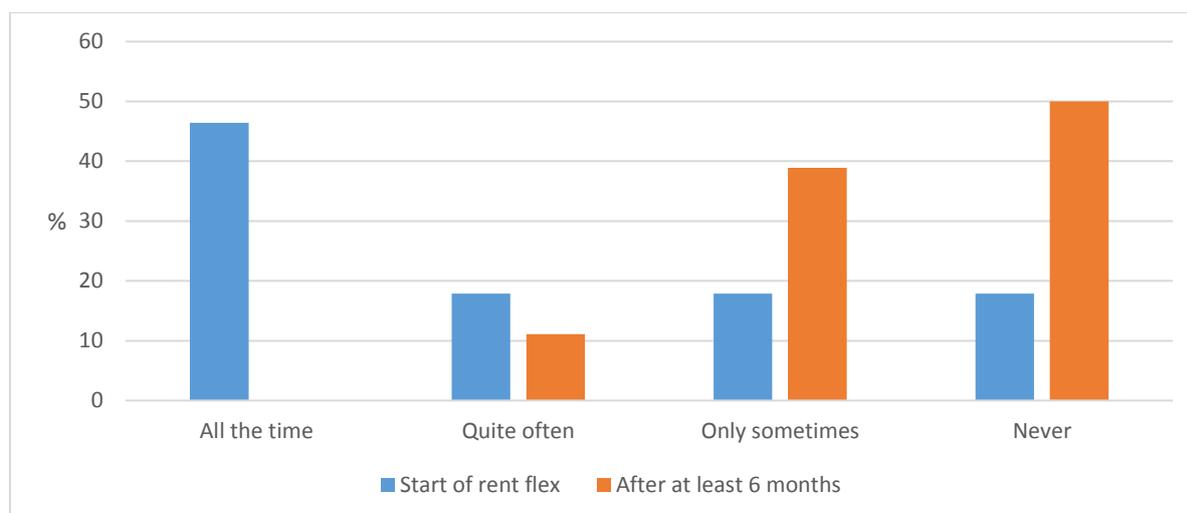
“It definitely helped me, I had really bad anxiety and insomnia, and had to go to counselling as I was falling too much into debt and really didn’t understand how to get out of it. Since being on rent-flex I haven’t really had those issues. Dealing with the debt has meant the anxiety and insomnia has gone away.”

Finally, another told us that getting her finances under control meant she had been able to tackle other problems in her life:

“I’m much less depressed now. I am so much more active now. My whole mindset has changed. I go out with the dogs, walk for miles. I’d never do that before. I wasn’t taking the dogs out, and was doing the bare minimum. It was really hard to get out of bed before, and I was drinking quite a lot. Having the worry over you...it’s so easy to come home and drink. At one time I was drinking half a bottle of vodka a night. In your head you know it’s wrong and you’re hiding it.”

As a result, tenants in the scheme reported that they felt much more able to deal with financial pressure that previously. For example, two thirds of tenants avoided answering the phone or opening post either ‘all of the time’ or ‘quite often’ when they first joined the scheme. However, after at least six months on rent-flex 89 percent of tenants adopted these behaviours ‘only sometimes’ or ‘never’ (figure 9, below)

Figure 9: How often do you avoid answering the phone or opening post because you are worried you are being chased for money that you owe? (n=38)



As well as impacting on health – especially mental health – we also found evidence that being involved in the rent-flex scheme had impacted positively on relationships within families and friends, or at work.

42 percent of tenants starting the rent-flex scheme stated that their money worries affected their relationships either ‘very much’ (17%) or ‘to some extent’ (25%), but after at least six months in the scheme this reduced to eleven percent. None of the rent-flexers felt ‘very much’ affected at that point, and 88 percent stated that money worries had ceased to have any impact on their friends or family. This may help to explain why the numbers able to borrow money from family and friends (see table 3, above) increased as a result of people being in the scheme.

There was a similar impact in respect of money worries affecting work, although fewer tenants expressed difficulties in this regard overall. At the start of the scheme, a quarter of rent-flexers reported that their money worries either ‘very much’ (10%) affected them at work, or did so to ‘some extent’ (15%). After at least six months in the scheme, none were affected ‘very much’ and only three percent to ‘some extent’.

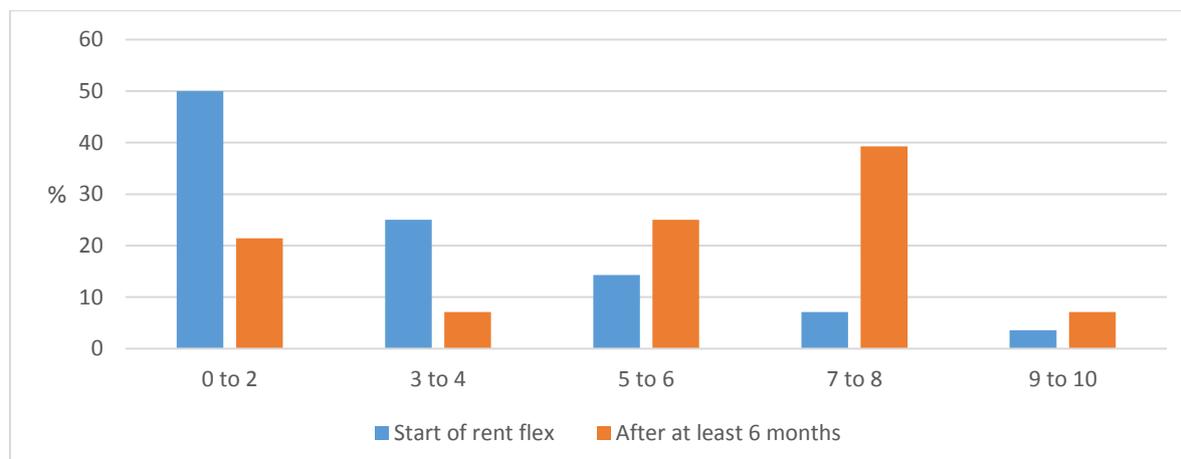
Saving and planning ahead?

Unsurprisingly, given the findings in respect of credit use and material deprivation reported above, very few of the rent-flexers were saving when they were first engaged by the pilot. In fact only one tenant had any savings at all, and these were for less than £50. As a consequence, one-third of tenants simply had the ambition to pay off or reduce their existing debts, whilst a further sixth were focused on just making ends meet.

However, one third of tenants did express that they had an ambition, over the next five years, to start saving money. Some of these ambitions were related to specific objectives in life. For example, a fifth of those wanting to save, wanted to do so in order to improve either their own or their children’s education. Similarly further fifths wanted to save for a holiday; to put money aside for a wedding, or to have another child.

Unfortunately, there was very little evidence that tenants had any clear plans to achieve their ambitions (either to save, pay down debts, or even to just make ends meet). We asked them to rank the extent to which they had a financial plan on a scale of 0 to 10, with 0 being no plan at all and 10 being a very specific one. Half of all tenants ranked themselves between 0 and 2 on this scale prior to using rent-flex, and a further quarter scored their plans between 3 and 4. The full results are shown in figure 10, below.

Figure 10: How much of a plan do you have about how you will achieve your financial goals? (0 = no plan, 10= very specific) (n=38)



This improvement in the extent to which tenants were planning ahead was also reflected in the proportion of tenants who expressed the ambition to save after spending at least six months in the scheme. This increased from one third to half of all rent-flexers.

However, and unsurprisingly given the financial difficulties that many were in when entering the scheme, there was only a small increase in the actual number of tenants putting money aside. By 31st March 2018, only four tenants were actually saving, although each of these now had more than £100 put aside and two of them had in excess of £500.

Improving rent payment performance

The early indications of the pilot suggest that rent-flex is having a positive impact on rent payment performance, although the findings in this respect need to be treated with caution given the small numbers on the scheme, and the fact that only eleven (18%) have completed a full twelve months.

Those completing 12 months in rent-flex

Looking at the eleven rent-flexers who have completed a full twelve months in the scheme in more detail, we find:

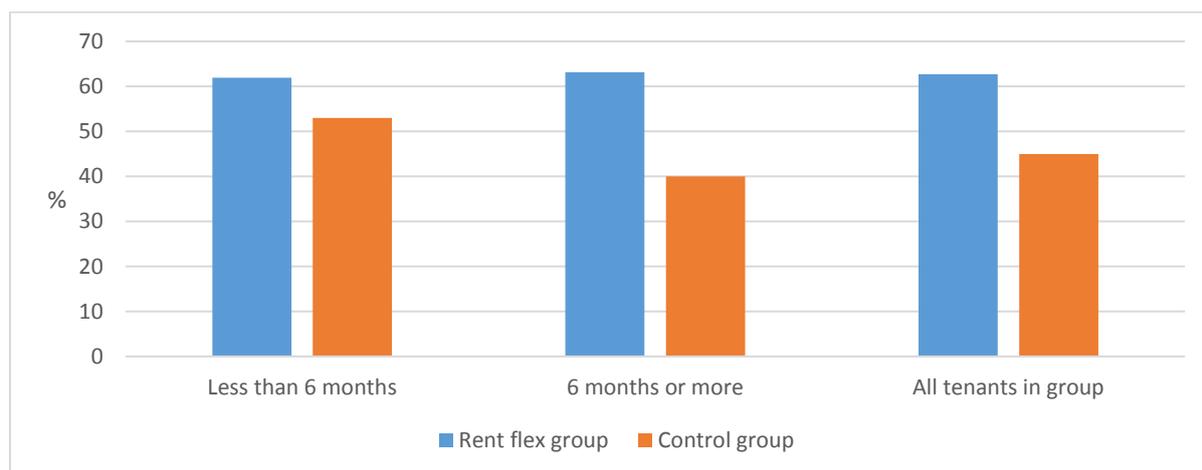
- This group has paid a total of 98.4 percent of their combined contractual rent obligations. This compares to 90 percent of contractual rent paid by the control group;
- Prior to entering onto rent flex, rent-flexers had combined rent arrears of £3,277 and average arrears of £290. After a full year on rent flex, eight tenants (72%) had paid more than their contractual rent, reducing their arrears. In some cases this improvement in rent payment performance was substantial. As a group, these eight tenants paid a combined amount of £2,983 in excess of their contractual rent – an average of £372;
- Only three rent-flexers (23%) increased their arrears over the year. However, the arrears levels in these cases have increased significantly, by an average of £1268 per tenant;
- In comparison, rent arrears are much more likely to have increased in the control group. Seventeen members of the control group have now had their rent accounts monitored for a full year. Of these, eleven (64%) have increased their level of arrears by an average of £1348. Only six (35%) of the tenants in the control group have reduced their arrears.

The wider rent-flex group

Further analysis of the current position for all rent-flexers (regardless of time spent in the scheme) indicates that the positive impacts of the scheme on rent payment performance are likely to be maintained as more come through the full twelve months.

Rent payment data collected for all rent-flexers as at 31st March 2018 indicates that these are not only more likely to maintain their agreement than the control group, but in many cases are likely to pay in excess of this (figure 11, below)

Figure 11: Percentage of tenants maintaining their agreements or paying more. Rent-flex and control groups by time in pilot (n=59 rent-flex, 129 control group)



Nearly two thirds (63%) of rent-flexers had paid at least the amount set out in their agreements as at 31st March 2018. This compares to just under half (45%) of the control group. Further to this, the proportion of rent-flexers maintaining their agreements remains constant regardless of the length of time that they have spent in the project, whereas members of the control group are more likely to fall into arrears as time goes by.

Maintaining the relationship despite payment problems

Although one third of rent-flexers have not been able to maintain their payments in line with their agreements, there is strong evidence that the relationship with the majority of these tenants remains good, and that communication about their circumstances has increased as a result of the scheme.

In fact, only three rent accounts have performed extremely badly over the course of the pilot. Two tenants have, however, maintained contact and are taking steps to address their problems. In one case both the tenant and her partner experienced periods of unemployment. In another, a tenant's Housing Benefit claim was affected by a non-dependant elder child moving back into the home following a car accident. However, in a third case, where the tenant is a self-employed single parent, there has been no continued contact and the arrears are continuing to escalate.

For all other cases where problems have arisen, there has been prompt contact and the reasons for payments falling short are well understood. In the vast majority of these cases, payment problems have arisen due to changes in Housing Benefit entitlement. For example, eight rent-flexers experienced changes in working hours which affected their Housing Benefit entitlement, with one of these facing changes in the amount of Housing Benefit almost every month since August 2017. Nevertheless, these tenants informed the Income Officer of these changes and agreements have been revised accordingly.

In ten cases the changes of circumstances experienced by tenants have been more disruptive and rent-flex agreements have had to be temporarily suspended whilst Housing Benefit

entitlement is being reassessed. For example, one tenant has experienced a relationship breakdown and has had to make an entirely new set of benefit claims; another's husband has become unemployed; and two other tenants have had non-dependent children move back in with them. Recovery rates for Housing and Council Tax Support overpayments are also causing problems, with one tenant paying back £23.60 per week. Optivo have intervened in these cases to assist people to apply for a reduction in the recovery rates, but are currently awaiting the outcome of these reassessments.

We comment further on the experience of those tenants who have needed to contact Optivo as a result of payment problems in the following section concerning the process evaluation.

5. Process Evaluation

Delivering the rent-flex pilot has involved five key processes:

- Setting the parameters for eligibility and amending internal systems;
- Designing the intervention;
- Recruiting and training staff;
- Engaging and recruiting eligible tenants; and
- Delivering the intervention.

This section now reports on each of these in turn, together with the main lessons learned. It concludes by presenting a diagram showing our preferred implementation processes which incorporates our learning thus far.

Setting the parameters for eligibility

Although the original idea for rent-flex was derived from previous research findings which indicated that a number of expenditure pressures were reasonably predictable for households with dependent children, decisions had to be made at the outset of the project concerning a number of other eligibility criteria.

In particular, offering flexibility in rent payments posed a financial risk to Optivo, and although it was keen to target the pilot on people with a prior history of rent payment problems it did not wish to prevent action from being taken to recover rent arrears from those who were seriously behind with their payments. Neither, however, did it wish to overly restrict the pool of tenants from which the pilot could recruit.

A number of reports were therefore run utilising the management information that Optivo held concerning tenant demographics and payment histories, to determine how different parameters in respect of current rent arrears levels and/ or previous payment problems would affect the numbers of households containing children that would be eligible for the pilot. The results from these led it to set an upper limit on current rent arrears of £500 but also provide access to the pilot for tenants who, although not currently in arrears, had been so at some point in the previous 12 months. This resulted in a pool of just under 2,600 tenants being identified as eligible which was considered large enough for us to recruit a sample of 300 (11%).

The target of 300 tenants was considered to be the minimum needed for us to conduct a randomised controlled trial that would yield statistically robust results concerning the impact of the pilot on rent payment patterns. The original intention was to recruit 150 tenants into a 'treatment group' who would be offered rent-flex, and to allocate a further 150 tenants with similar characteristics into a control group. As we report later in this section, we struggled with the engagement and recruitment of tenants such that this target was not achieved, and moved to a mixed method outcomes evaluation as a result.

The eligibility criteria used for the pilot was therefore derived by balancing the desire to focus on tenants in financial difficulty, with the financial risk to Optivo, and the need to provide a

sufficiently large sample for the evaluation to be meaningful. In retrospect, the problems with tenant engagement and recruitment that we were to face were under-estimated and a larger pool – perhaps based on rent arrears of up to £750 – would have been useful although it is doubtful that Optivo would have been comfortable with the level of financial risk that such a group would have posed given the completely untested nature of the intervention.

Amending systems within Optivo

Once the eligibility criteria had been set, it was also necessary to ensure that any tenants taking up rent-flex were taken out of the normal rent arrears collection process. Allowing people with the flexibility to underpay in agreed months could have otherwise led to them receiving an automated letter concerning their rent arrears. This needed to be avoided in order not to confuse the tenant.

In addition, because tenants taking up rent-flex would need to both underpay and overpay in different months, tweaks were needed to ensure that payment systems – notably Direct Debits – were amended to reflect the individual schedules that tenants had agreed.

In order to manage these aspects in the trial, a single Income Officer was assigned a ‘patch’ consisting of all rent-flexers, and flags were set up on the system to ensure that if a rent-flexer phoned through to the Income Team they were directed to the dedicated officer. This aided the personal contact with rent-flexers, and also ensured that normal procedures for debt collection were suspended in their cases.

Designing the intervention

Because the target group was either currently in rent arrears or had experienced payment problems in the past 12 months, we were conscious that they would be likely to need support when setting up their rent flexibility agreements. However, we had expected this to mainly be support around budgeting, and specifically conducting an annual budgeting exercise to determine when flexibility with rent payments would be most beneficial to them over the course of the year, and how much they would need at different point.

We therefore spent some time at the start of the project recruiting a small group of tenants to form a focus group to discuss both how they felt about the concept of rent-flex, and how this could be marketed to them, and what tools would be helpful to enable them to work out when their expenditure pressures would be greatest over the year.

We took as our starting point the income and expenditure form that was already in use within Optivo’s Money Matters service and asked focus group participants to identify those areas of expenditure which could vary according to different months, and how much this variation was likely to be. This resulted in a long list of items where some form of variation in expenditure over the course of the year was possible, including utility bills, food and travel costs, childcare costs, school trips, children’s music lessons and sports kit and club costs, birthdays and Christmas. Following this exercise, we designed a budgeting tool which we thought would be useful for staff in the project to go through with tenants and which prompted tenants for information on these types of spend and asked them to identify the relevant amounts for each month of a calendar. From this, we expected fairly sophisticated personalised schedules of required rent flexibility to be identified.

However, this approach was subsequently revised in the light of experience which indicated that the initial contact with tenants needed to get to grips with their existing financial problems and provide a much simpler offer about rent-flex. Undertaking an extremely detailed budgeting exercise would prolong what were often already long interviews, and tenants invariably wanted rent flexibility to help them with just one or two major financial pressures to the exclusion of all others. These were the additional costs associated with the summer school holidays and the subsequent return to school for their children in September, and the cost of Christmas. In these respects, tenants wanted to either take an entire month rent free or to split the value of one month’s rent payment between the two periods.

Recruiting and training staff

In order to start the pilot quickly, and because of the fact that funding was only available to cover staff costs for a year, Optivo took the decision to recruit staff for the project through the use of internal secondments. These involved recruiting a dedicated Financial Inclusion Officer into the Money Matters service who would be dedicated to providing support to people recruited into the rent-flex 'treatment group'. For people assigned to the control group, financial support would be provided by existing Money Matters staff. A dedicated 'patch' would however be created in Optivo's Income Team, with a single officer seconded to the project and responsible for monitoring the rent accounts of both the rent-flex and control groups in order to report back on the level and quality of contact with each over the year. In addition, an Administration Officer would be seconded to the project to aid with the marketing and recruitment of tenants to the pilot. The secondment process was completed by the end of February 2017, with all of these staff working on the project from that point onwards.

All staff were subsequently invited to project steering group meetings which discussed the proposed marketing and recruitment strategy, how the intervention was to be delivered, and to help shape the monitoring and evaluation procedures. Staff training for the seconded Financial Inclusion Officer to help her provide effective budgeting, money management, and debt and benefits advice was provided internally by the Money Matters team.

The inclusion of staff in the project steering group meetings at an early point in the development of the pilot proved invaluable, as this provided an opportunity for the Financial Inclusion Officer to report back about problems that she was experiencing using the initial annual budgeting tool, and ensured that this was abandoned in favour of the simpler approach reported above.

The Financial Inclusion Officer was also able to shape how survey information was collected from tenants in respect of the MAS Adult Outcomes Indicators, with the requirements of the survey incorporated into her initial assessment process of the support needs of tenants rather than conducted separately.

The involvement of the Income Officer in the project steering group was also beneficial because there was a need for Optivo to ensure that once someone was recruited onto rent-flex their normal rent arrears recovery proceedings were suspended. This required the Income Officer to fully understand the difference in approach, as well as to ensure that her colleagues would support this if one of the rent-flexers contacted the wider team in her absence.

Finally, because the early engagement and recruitment strategy focused on the use of tailored text messages (see below), and we experienced significant problems obtaining the level of take-up needed, we needed the Administration Officer to provide regular reports on the success or otherwise of each wave.

Engaging and recruiting eligible tenants

Given that our original intention was to conduct a randomised control trial, we were conscious of the need to adopt a consistent approach to the recruitment of both the rent-flex and control groups and to avoid any biases in the way that tenants were allocated between these. This led us to take a decision to try and recruit eligible tenants to engage with the Money Matters service, rather than with an upfront offer of rent-flex itself. We felt that this avoided the ethical problem of denying the control group access to the rent-flex scheme that may have attracted them to participate in the pilot in the first place.

Although we had tested the concept of rent-flex with our focus group, and this had been well received, we had not gained many insights into how to market the Money Matter service other than prompting people to contact us in view of specific budget pressures that were approaching in the calendar. We had also not gained any clear insights into the most effective

channels to use, although the focus group had expressed a marginal preference for text messages over e-mail and receiving information through the post.

Our initial engagement strategy, which was put into action in March 2017, was therefore based on sending out short text messages based on offering help for people to manage their money over the forthcoming Easter school holidays. Text messages used in this initial campaign, which was conducted prior to Amicus Horizon's merger with Viridian to form Optivo, were sent to 150 tenants in three waves of 50, and included:

"Hi, it's Selina from Amicus Horizon's Money Matters team. We're trying out a new service to help families save up to £23 per week. With Easter approaching, we'd like to make sure you aren't missing out. If you would like to know more about this service. Please reply YES or call back to speak with me."

The initial response to this campaign was promising, and led to 13 appointments, mainly home visits, being requested. However, subsequent waves of text messages sent out throughout April and into May proved much less so. This was despite trialling a number of different messages including ones focused on utility bills and the forthcoming summer holidays, and sending these at different times of the day and evening. We also sent out e-mails using the same messages. After sending over 500 text and e-mail messages using this approach only 37 tenants had been recruited into the project with these allocated between the rent-flex and control groups.

Reviewing the results from this initial campaign, we recognised that a change of approach was needed. The Financial Inclusion Officer reported that once people had the concept of rent-flex explained to them, virtually all of them thought it was a good idea and they were keen to try it. As a result, we decided to actively market rent-flex itself rather than the general Money Matters service.

However, we still wanted to find a way to avoid recruiting people on the basis of rent-flex and then not delivering this to those tenants allocated to the control group. To get around this we sought further input from the communications team within Optivo who helped us to design an e-mail survey that could be delivered through their tenant contact e-mail system. This flagged up the idea of rent-flex, but didn't explicitly market it as a definite offer. The survey asked some basic questions about money worries, asked for views about the rent-flex idea, and also incentivised tenants to respond by entering them in a prize drawn for a Kindle Fire tablet. The initial trial of this approach was conducted at the start of July, with a wave of 300 e-mails which resulted in 33 (11%) positive responses. These were split into a rent-flex offer and a control group, with the former then followed up by e-mail to inform them that they had been 'selected' to try out the new rent-flex scheme, and then phoned to on-board them into the pilot. The control group were also contacted by e-mail and advised about the availability of support through the Money Matters service.

Following this trial we decided to roll out the approach, and send e-mails to the remaining 2,300 eligible tenants in waves varying between 150 and 300 per week. We varied the size of the wave in accordance with the capacity of the team to conduct follow up calls to the rent flex offer group and on-board these tenants into the project. In addition, we also developed a suite of three printed flyers which we sent to tenants allocated to the rent flex offer group prior to calling them to discuss this with them.

Overall, this approach enabled us to increase the number of tenants in the rent-flex group from 19 in July 2017 to 59 by the beginning of December that year. However, this remained far below our initial target for the project, and means that no statistically robust analysis of rent payment patterns between the rent-flex and control groups is currently possible.

To further understand the issues affecting engagement and recruitment, we managed to conduct ten telephone interviews with non-responders to the survey in November 2017. These indicated that:

- Most thought that rent-flex was a good idea, but had just been too busy to respond. One of these also received quite a high level of Housing Benefit so felt that she wouldn't benefit too much from the scheme;
- Three thought the scheme was possibly too flexible. They had a clear sense that paying the rent on time was an absolute priority, and they were worried that if they under-paid they would not be able to get themselves out of arrears.
- There was also some confusion about whether or not people could underpay from the outset or needed to build up a credit first in order to take a rent free month later.

Reflecting on the engagement experience, together with the insights gathered by the surveys of financial well-being which were conducted with rent-flexers as part of the outcomes evaluation (see previous section), we are now more aware of the great extent to which tenants in the target group are avoiding answering their phones or other contact from their landlord because they think that they are being chased for money that they owe. One of the key learning points arising from this is that it may be beneficial to change the messenger, and use a trusted third party to make initial contact with tenants about the rent-flex scheme. However, landlords would need to consider whether or not this is possible given restrictions on the sharing of personal data.

In addition, marketing materials and messages need to be very clear about the two possible uses of rent-flex (underpayment initially to help with existing financial problems, or overpayment to plan ahead for known pressures later in the year) but also reinforce the message that this is an agreement between the tenant and landlord and that safeguards (in the form of regular contact between the two) are in place to ensure that arrears do not escalate.

Delivering the intervention

During the recruitment process into the rent-flex group tenants were assessed on the telephone as to their immediate financial situation. This assessment incorporated the questions used in our survey of financial well-being. Where major problems were apparent this necessitated a further interview – often in the form of a home visit – to begin more intensive work on these prior to putting a rent flex agreement in place.

Whilst the vast majority (89%) of rent-flexers required some form of help with their finances prior to the start of their agreements, around one tenth did not. For that group, the on-boarding process could be completed on the telephone with the Financial Inclusion Officer discussing the greatest pressures they faced over the year, which months they would like to underpay on their rent, and by how much, and calculating how much more they would need to overpay in other months to balance their rent payments out over the year.

This recommended profile of rent payments was then passed to the Income Officer, who would double check that the payments were in line with currently known information, particularly in respect of Housing Benefit entitlement, and she would then either confirm the proposal or, if it needed to be amended, discuss it with the tenant directly. Following this process a written 'rent flex' agreement would be sent to the tenant.

A copy of a typical rent-flex agreement is appended to this report. This was designed following consultation with tenants in the focus groups at the outset of the project, and delivers the detail of the rent flex agreement in easy to understand language, and with a graphic of the months in which rent is being flexed. The agreement also provides information about the expectations of tenants – specifically to be able to manage their rent account on-line through Optivo's portal and to contact Optivo in the event of any payment problems. The ability of tenants to manage their accounts on-line was checked by the Financial Inclusion Officer in the assessment phase,

although the project did not need to refer anyone for digital skills training in this respect. This undoubtedly reflected the fact that all recruits had initially expressed an interest in the scheme via e-mail. However, it also highlights that the engagement strategy that was finally pursued by the project excluded those without digital access or basic digital skills.

Forty percent of all rent flex agreements entered into have subsequently proceeded without any problems whatever. Payments have been made regularly and in accordance with the plans. Our follow up interviews with rent-flexers suggest that the process was easy to understand by tenants:

“It was simple. It only took one phone call, and then they sent me a letter saying how much I had to pay each month. I just kept paying that amount.”

“It was very easy because she very clearly explained how it works, and that is the reason why I said yes. I just pay some money and I have Christmas free, and that is really good for me. I understood everything.”

“They sent me my agreement. And it made sense!”

However, setting up the agreements became more complicated when Money Matters interventions were required, which could affect the level of benefits that someone was receiving or the recovery rate of pre-existing overpayments. In these cases, entering people onto rent-flex was delayed until the outcomes from these interventions were known, and it was critical that the Financial Inclusion Officer and Income Officer communicated effectively between themselves as well as consistently with the tenant:

“It was very easy, [the Financial Inclusion Officer] did everything for me. And I’ve spoken to [the Income Officer] too. They communicate really well with each other, which means I don’t have to stress about anything.”

This ease of communication between the tenant, Financial Inclusion Officer and the Income Officer became even more important when problems were experienced after the initial rent flex agreement had been put in place.

For example, one tenant who has had a lot of changes in her Housing Benefit entitlement since starting with rent-flex told us:

“It’s really good, that I know what is happening all the time. I’ve had lots of changes with my wages and it messes up my Housing Benefit, but they keep me up to date - really good communication. They either text me or send me a reminder about any changes to my Direct Debit by e-mail. I was really surprised that if something changes like that either [the Income Officer] or [the Financial Inclusion Officer] arrange things for me really quickly.”

Our follow up interviews indicate that the positive experiences of the tenant with regard to both the Money Matters interventions and the way in which the Income Officer dealt with tenants when setting up and reviewing rent flex agreements were both critical in building a relationship of trust. This helped to ensure that if problems occurred later, tenants would sometimes make pro-active efforts to get in touch:

“I had Housing Benefit going up and down like a yo-yo last year. [The Financial Inclusion Officer] helped me with that. I had five or six requests for wage slips to be sent in – and that’s how they calculated the overpayment. That screwed me up quite badly. [The Financial Inclusion Officer] spoke to them, and they suspended payments for months. That

was a massive thing for me...Now if there are any niggles I text her and let her know what's happening. She gets straight back to me."

"[The Financial Inclusion Officer] was really good. When my husband lost his job, I told her about it and she contacted [the Income Officer]. She was really quick and she did everything she promised. I was in shock. Before I went on rent-flex it took ages to get through to a housing officer, but this time [the Income Officer] got back to me the next day!"

According to Optivo's CRM system, there has been a pick up in the number of phone calls received by the Income Officer from rent-flex tenants compared to the control group. For the control group only around 1.8% of phone calls with the Income Officer were in-bound, but this rose to 3% for the rent-flex group. Further to this, the Income Officer reports that even though the vast majority of calls remain outbound, she is answered more frequently rent-flexers than those in the control group, and any agreed actions for the tenant are more likely to be honoured. Further consideration needs to be given to capturing these reported changes more accurately and estimating the potential cost savings that result moving forwards.

Building a community of rent-flexers

Finally, we also consider that it would be helpful if ongoing, regular, communication were to be conducted with the growing 'community of rent-flexers'. As all rent-flexers were checked in order to ensure that they could manage their rent accounts on-line, a regular e-mail bulletin could be used to provide further budgeting and savings tips – focused on their needs at specific times of year such as school holidays or at Christmas. This could also be used to reinforce the message that advice and support is available to people experiencing difficulties in making their payments and that rent-flex agreements can be rescheduled. Providing on-going communication in this way would be a logical 'next step' for extended trials.

Figure 7: Summary of the recommended Rent-Flex Implementation Process



6. Limitations of the evaluation and future evaluation

The evaluation findings reported thus far should, in general, be interpreted with caution. Not only have a low number of people been recruited to the rent-flex scheme (59), but very few of these (11) have completed a full year.

Nevertheless, we consider the finding that offering supported rent-flex increases engagement with financial support services to be reasonably robust. Our initial engagement problems seem to have been amplified by our reluctance to directly market rent-flex due to the potential for this to create an ethical problem of denying the control group access to the very intervention that had attracted them to the pilot. We therefore elected to market the Money Matters service more generally, and this received a very low response. Response rates were improved when we switched to marketing rent flex more directly to survey respondents, and it is notable that none of the control group responding to the survey subsequently took up an offer of support from Money Matters.

We also consider that despite the small number of tenants (38) that have completed at least six months in the scheme, the findings in respect of their financial behaviours and well-being, are likely to be validated as more people move through the process and have their follow-up surveys conducted. This is because the findings are consistent with the additional qualitative evidence gathered from our follow up interviews with tenants, and also reflect insights provided to us over the course of the past year from the Financial Inclusion Officer and Income Officer employed on the delivery of the project within Optivo.

Nevertheless, attributing the impacts financial behaviours and well-being to rent-flex or Money Matters interventions has proved difficult. The sample sizes involved in the construction of three sub-groups according to the level of Money Matters interventions that they have received are inevitably small, and further work will be required on this aspect of the evaluation moving forwards.

To some degree, this attribution question may not be overly important. If the process of offering rent-flex and providing it alongside additional financial support is viewed as a single intervention then it appears to be successful in impacting positively on financial behaviour and well-being.

There is also the absence of a counterfactual to be borne in mind at the current time, although we could compare responses to our post intervention surveys with responses made to larger surveys of financial capability amongst groups with similar demographics to our rent-flexers to establish this moving forwards. This is something that will be picked up as the sample of tenants using rent-flex for at least six months increases in the next few months.

Looking ahead, we are pleased to report that Optivo has confirmed that it will be maintaining rent-flex for all those currently on the scheme (and it should be noted that all of those completing their first twelve months successfully have expressed a desire to stay on it). This will allow for further, longitudinal, tracking to see how far improvements in financial behaviour and well-being are sustained and whether or not further progress can be made through the use of rent flex to improve actual savings levels.

In addition to maintaining the scheme for those currently using it, Optivo have also now committed to a further roll-out of the trial to other tenants and is currently assessing how this can best be targeted and delivered. The delivery model used in the pilot has involved developing a single 'patch' for an Income Officer to oversee the rent account performance for both the rent-flexers and the control group and this has facilitated a close working relationship with the project's Financial Inclusion Officer. However, in order to roll out the rent-flex approach it will be necessary to embed the good practice developed by the pilot's Income Officer and Financial Inclusion Officer across the wider Income and Money Matters teams.

7. Implications and Recommendations for Policy and Practice

Although the findings presented in this report should be interpreted as interim results, we consider that they are already yielding important lessons for wider policy and practice. Specifically, these are:

- There is a need to consider the variable expenditure pressures faced by low income households over a full calendar year rather than expect people to budget to keep to a 'typical' weekly or monthly budget. This has implications for a wide range of services, including local authorities seeking to collect Council Tax and utility providers, as well as for debt advice services which place people onto Debt Management Plans. It is clear that, for households with children at least, the two major 'pinch points' of the school summer holidays and Christmas combined with an expectation on households to maintain standardised, monthly instalments, is contributing to considerable financial difficulties - either by driving up the use of, often high cost, credit or by forcing households into greater material deprivation than would otherwise be the case. We think that material deprivation is particularly likely to result where households are already subject to debt management arrangements (and unlikely, therefore, to be able to obtain access to more credit) and these do not offer flexibility in payment amounts during the summer or at Christmas and heading into the New Year.
- By offering flexibility in payments to suit peoples' needs services can engage them earlier, and can utilise the household's own knowledge of the financial pressures that they are likely to face to more accurately predict (and take steps to avoid) payment problems. This is a win-win for low income households and service providers alike. The former is provided with a more tailored pattern of repayments, and the latter gains insight into how their own revenue flows are likely to be impacted over the year. By also providing additional support to maximise incomes and reduce living costs, service providers can also directly intervene at an earlier point to mitigate the risk of arrears occurring.
- Allowing households to flex relatively small sums of money (in this pilot, the flex available was, on average, £380 per year) can help people to pay off existing small sum borrowing from payday and door to door lenders or escape from repeated overdraft charges. If this 'flexible pot' were to be increased – for example by combining elements of rent, Council Tax, and utility payments – then there is the potential for households with larger debts to be assisted.
- Engaging social housing tenants on financial issues remains difficult, and this pilot has not found a solution to this problem. However, it has identified that the rent-flex concept is popular and our marketing messages have been honed over the course of the year to appeal more directly to tenants with this. We have also developed a suite of materials, including rent flex agreements which tenants find easy to understand. However, the initial approach to tenants may be better made through a 'trusted', or at least neutral, third party rather than directly by the landlord. Alternatively, a large-scale roll-out could may be able to cut through if this utilised the landlord's major marketing channels, such as tenant newsletters, posters in community settings, articles in the local press, and presentations at tenant forums. A small scale, targeted, trial such as has been delivered over the past year was not able to adopt these methods.
- A logical expansion of the rent flex pilot would be to expand this to working tenants without children, especially those impacted by Universal Credit and who are likely to be a month in arrears with their rent as a result. Rather than insist on a repayment plan which seeks to collect the arrears over the remaining months in equal instalments, an offer of rent-flex could provide for a much more meaningful discussion about

financial concerns, and improve the take-up of support, including wider support about employment.

8. Sharing and Learning Activity

There is considerable interest in the rent-flex approach and the emerging results from the pilot, and we have previously highlighted these at a number of conferences and events.

We are now considering how we can disseminate the current findings, and also continue to report on the initial rent-flexers as they move forwards with their use of the scheme within Optivo. In this respect, we also have interest in piloting rent-flex schemes from three other housing associations, and we will be designing an offer of support to deliver rent-flex in interested organisations on a rolling basis over the course of the year.

We are also shortly due to report the findings from a research project conducted for the Local Government Association, which is examining how direct financial support (for example in the form of discretionary payments) can be combined with debt and welfare benefits advice and other financial support (including greater flexibility in bill payments) to provide a more holistic solution to the financial difficulties faced by low income households. We will ensure that the rent-flex pilot within Optivo is featured in that report, which we expect to attract significant attention from local authorities.

Appendix: Typical Rent Flex Agreement



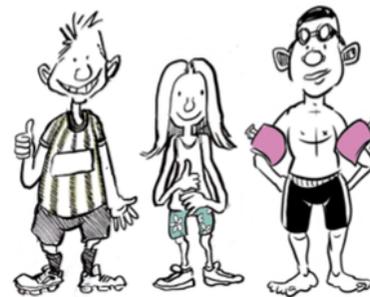
rent-flex
a big idea!

Thank you for joining Optivo's new community of rent-flexers!

By flexing your rent payments you can now over-pay and under-pay at different times of the year so that you can meet your other monthly commitments without the need to take out any expensive loans.

- Have a buffer for when unexpected bills appear
- Plan for when you may have to reduce working hours
- Reduce spending on rent when you may have expensive months e.g. back to school or birthdays
- Reduce stress and worry

And, if you build up a big enough balance on your rent account, you can even take a whole rent free month later in the year.



By using rent-flex to help plan your finances you could do some things that would otherwise be difficult to afford.

what you have agreed to:

Your current rent is:

£601.31 per month

Based on what you've told us about your finances we've agreed your personal rent-flex plan as follows:

You will start your rent-flex agreement on:

1 August 2017

You will make 11 monthly payments of:

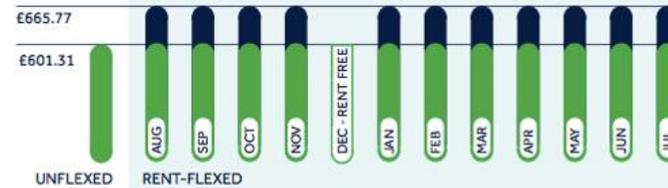
£665.77

Your rent-flex month will be:

December

when your rent payment will be:

£0.00



Of course, you still pay your total annual rent of £7,323.72, but you don't have to pay it in equal instalments like before, leaving you spare money when you have said you need it most.

what to expect from us:



We are here to help.
If you have any questions you can contact the rent-flex team, Selina and Suleiman on 0208 726 8673, or email rentflex@optivo.org.uk.



We'll monitor your payments against this plan and let you know how you are doing by e-mail every month.



We'll also send you tips on how to save money and boost your income.



And we will keep you informed how other residents who are Rent-flexing are doing and share their experiences of how rent-flex is helping them deal with their finances.



what we expect from you:



Please register on our MyPortal website, where you can see how you are doing. Its easy to do just go to:
<https://myaccount.amicushorizon.org.uk/ssauth/register>



We know that things don't always go to plan. If you're having any difficulties, we can always adjust your rent-flex agreement to help you get your finances back on track.



We would ask you not to enter separate arrangements with people you owe money to without checking with the Rent Flex team first.



Just let us know as soon as you can about any problems you are having and we'll do everything we can to help.



If you feel you need to change these payments for any reason get in touch.