

L&Q

Turning Welfare Reform into an opportunity to transform

Challenge

The impact of the Welfare Reform & Work Act 2016 which has shifted the payment of Social Housing rent from a centrally controlled function to the responsibility of the tenant means that a more effective rental management process is required. The existing process is limited to deliver a simple; one size fits all revenue management service. Experian has provided an improved tenant insight, decision management and workflow system that benefits the business and helps them to support their tenants.

Client:

L&Q is one of the UK's leading housing associations and one of London's largest residential developers. They currently own or manage over 70,000 homes in London and the South East. Their ambition over the next 5 years is to exceed 100,000 homes through new build and merger plans to contribute to the required need for rental stock.

Great results

The business case estimates that L&Q could benefit from a Return on Investment of up to £3.5 million over a five-year period. This is driven from a reduction in growing arrears and automation of many of the functions that current L&Q employees undertake. Work-load increases are expected as a result of the Welfare Reform changes so these employees can be deployed more effectively rather than recruiting new staff.

Early intervention will also benefit the tenants with support and manageable payment plans, helping them to balance their finances and avoid potential issues.

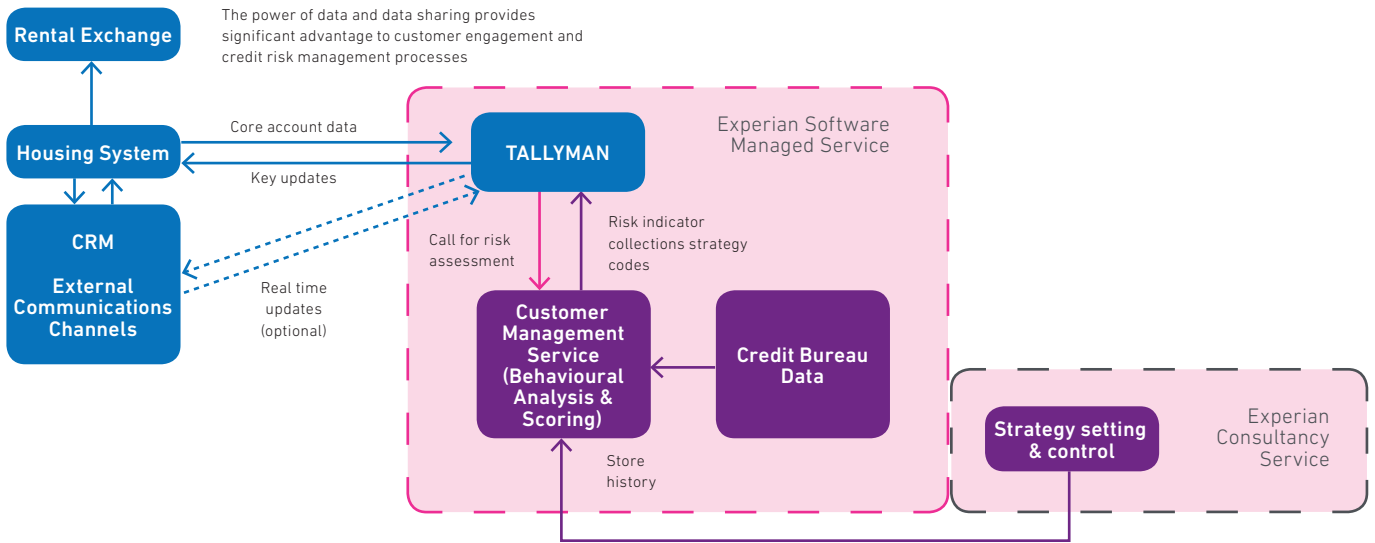
A positive solution for client and tenant!

Benefits:

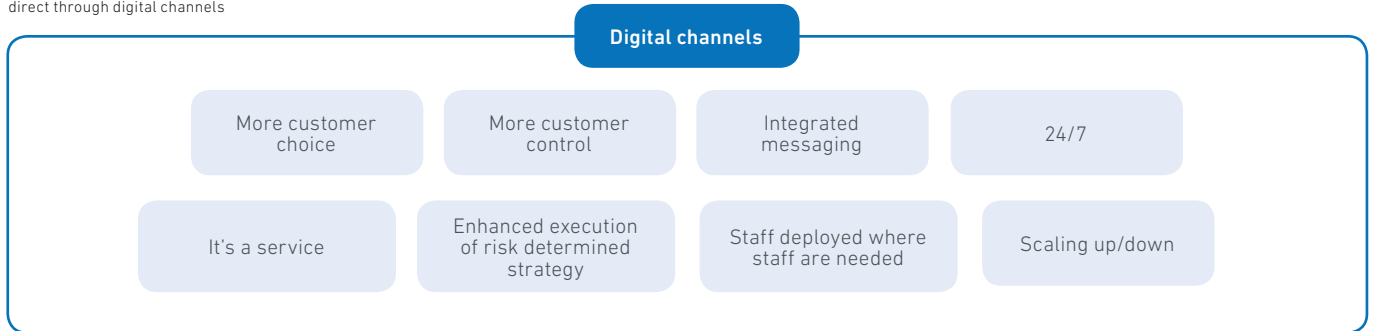
By developing a robust revenue management process L&Q will be able to:

- Manage housing stock and tenants more effectively by using a data driven, tailored approach
- Identify which tenants are financially vulnerable and resource support more appropriately for them, treating all tenants with fairness and consistency
- Mitigate revenue/income pressures caused by Welfare Reform legislation
- Avoid the recruitment of new staff as the expected workload from Welfare Reform increases.

The Solution:



Optional approach to process applications direct through digital channels



Experian is uniquely placed to supporting L&Q and other housing associations via The Rental Exchange:

Big Issue Invest (the social investment arm of The Big Issue Group), in partnership with Experian, has developed The Rental Exchange to tackle the financial, digital and social exclusion challenges faced by rental tenants in the UK compared to homeowners. By observing rental payment data in the same way we view mortgage payment data, we can unlock a range of benefits for tenants, housing providers and credit providers.

The Rental Exchange incorporates a tenant’s payment history in their credit file in a secure and compliant way, with no cost to either the housing provider or tenant. Housing associations across the UK are currently sharing information (or have notified that data will be shared) of over 1 million social housing tenants.

The benefit of this is access to Experian Credit Bureau Data for all stages of the tenant lifecycle. This means L&Q can truly understand their tenants now and if their circumstances change in the future.

The combination of Experian and L&Q data will be used to apply analytics within the PowerCurve Customer Management Service to deliver the insight needed to drive tailored communication and risk based strategy to the Tallyman debt collection management software system.

Where appropriate Tallyman will then automate a tailored tenancy strategy to prompt payment or apply support services. High Risk cases are automatically sent to Revenue Officers for manual intervention with information presented in a clear and concise manner. This removes the need for manual calculations and paper evidence to be supplied by the tenant, leaving time to help tenants who need more support.

Our approach

The first step was for Experian to understand the true requirements and to help L&Q develop its business case for their transformation project. This was facilitated by a consultancy business review that enabled our subject matter experts to recommend a roadmap of activity to achieve the planned Return on Investment.

Following agreement to proceed, the project team worked to document the high and low level requirements before moving into build and test phases.

The deliverables

- Ongoing credit data monitoring service, enabling L&Q to understand how their tenants are managing the financial aspects imposed on them by the Welfare Reform and enabling them to target support to vulnerable tenants.
- Behavioural Analytics to predict non-payment and enable early intervention.
- History file holding tenant credit bureau and specific data fields to gain insights into behavioural trends.
- Weekly risk profiles and ongoing consultancy to make strategy improvements delivered through the PowerCurve Customer Management Service.
- Operational team interface and outbound communication management through Tallyman.
- Hosted environment running all of the above services with an agreed support and service framework.

Initial Feedback

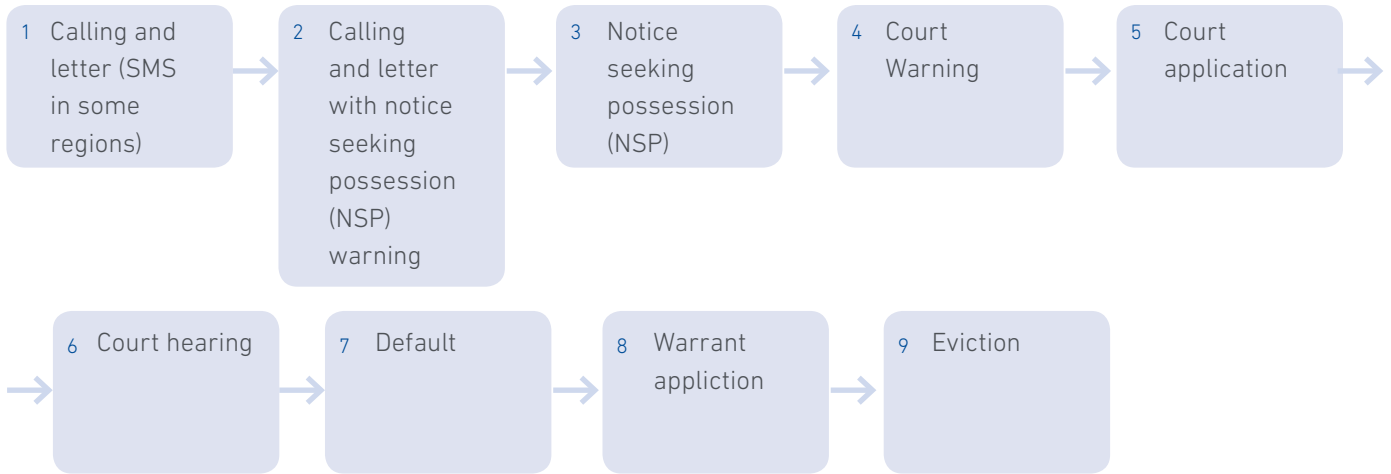
- The success seen has prompted a quicker than expected rollout of a pilot approach to the entire L&Q portfolio
- Increased payments as tenants have been contacted by SMS which wasn't possible before
- Improved awareness of arrears due to benefit payment discrepancies being clarified with the DWP before contacting the tenant.

Paul Gilbert, Assistant Director, commented:

“With the introduction of Welfare Reform and Universal Credit in particular, understanding our customers has gained even greater importance. By combining Experian’s credit data with our own customer behavioural data we have created a partnership that allows us to better understand our customers and focus our resources more efficiently.

Insights gained from working with Experian will mean we are better able to identify customers that need extra support paying their rent. Working alongside Experian’s consultants we will be better able to evaluate and ensure our income collection and customer engagement strategies remain effective and up to date.”

Helping to move from one size fits all process:



To a credit data monitoring service that takes account of all credit risk types and relationship periods

	EARLY STAGES			LATE STAGES	
High risk	Persistent calling and first letter	Persistent call and letter	NOSP (pre-court check list) and persistent calls	Commence stronger actions	Align activity to tenant specific data
Medium risk	Calling; SMS and first letter	Calling and letter	NOSP (pre-court check list) and call	Commence stronger actions	Align activity to tenant specific data
Low risk	SMS / VMS point to self serve, calling, soft letter	SMS / VMS, email, calling and letter	NOSP (pre-court check list) and calls	Commence stronger actions	Align activity to tenant specific data



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