

# Tenancy Sustainability

Helping to provide targeted support to tenants through Welfare Reform

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## The welfare reform challenge

Under Welfare Reform, changes to the UK's benefit system have led to increased pressure on social housing organisations, who are concerned that tenants financial wellbeing will be negatively impacted, and they will be unable to pay their rent on time. Understanding the potential financial vulnerability of their tenants and identifying who may be most affected by Welfare Reform can enable social housing providers to take appropriate actions, target their resources and support tenants through the change and to manage the impact.

The introduction of Universal Credit, which replaces many existing benefits, began in April 2013 and the roll out will continue until 2021. Many organisations are concerned that the move to direct payments could have a negative impact on their tenants, through potential difficulties in managing cash flow, and therefore their business, through non/irregular-payment of rent.

Following conversations with the sector, Experian has developed a solution to help social organisations tackle debt concerns which already impact them, such as tenants' arrears, even before the introduction of Universal Credit. The Tenancy Sustainability solution runs alongside The Rental Exchange, providing comprehensive data from multiple unique sources, which can help social landlords to build a picture of the financial status of their tenants.

This will enable more efficient and effective support of tenants, families and households most likely to be affected by Welfare Reform and particularly the transition to Universal Credit.

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“Furthermore, Rental Exchange membership helps tenants prove their identity, which may help them to access basic banking services more easily.

In a recent study, the additional verification provided through The Rental Exchange helped to increase the volume of tenants who had two or more items of verification from **67%** to **94%**. This may make it easier for tenants to pay on time through the introduction of automated payments.”

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## The tenancy sustainability solution

Tenancy Sustainability is uniquely available through Experian, to Rental Exchange members, and is a solution that provides access to a wealth of data held on tenants, from sources including The Rental Exchange, CAIS and public record information.

Combined, this data helps to build a clearer view of a tenant's financial well-being, to help identify those who may currently be in financial stress or are at risk of falling behind on payment in future, as well as highlighting the tenant's ability to open a bank, building society or credit union account; so they can receive and send automated payments.

### **Identify tenants that appear to be in financial stress.**

So that you can offer supportive budgeting advice and financial education packages to help those individuals get back in control or stay on top of their finances.

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**“ 22% of tenants are either struggling with stretched finances (14%) or in current financial stress (8%), including average rent arrears of £523.”**

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### **Identify tenants in financial situations that indicate that they are at risk of falling behind on repayments in the future.**

Having a predictive indicator that can track changes in a tenant's financial profile can enable you to help tenants gain control over their finances, ensuring their tenancy with you can be sustained over a longer term without the relationship deteriorating. Analysis of this information over time can also provide learning for Housing Associations to apply elsewhere.

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**“ 84% of associations believe rent arrears will directly increase due to welfare changes. The average increase expected is 51% which, if replicated across the sector, would mean an additional £245m of arrears.”**

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### **Identify tenants that may be financially excluded (without a credit footprint).**

These tenants may have difficulty opening an account that can receive and deliver automated payments. Identifying this group will enable you to work with them to help them gain access to an account in readiness for the roll out of Universal Credit, so that payments can be received and rent paid more easily.

Understanding which tenants are yet to register on the Electoral Roll or have no existing credit agreements can highlight those tenants most at risk of doorstep lenders and poor credit practices, as well as those who would struggle to access online services such as gov.verify.

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**“ More than 15% of Local Authority tenants and 13% of Housing Association tenants do not have a bank account, and so would be unable to pay their rent by Direct Debit.”**

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**Credit Account Information Sharing (CAIS)** is a unique database which holds information on over 490 million credit accounts. It includes information such as an individual's credit limit, default dates and current outstanding balances. Information is provided by virtually every major consumer lending organisation in the UK. It was the first system of its kind and is now by far the largest source of information about consumers' credit histories in the UK.

Experian operates CAIS on behalf of its members. The members who 'manage' the scheme make the rules governing how CAIS operates. These two bodies are the CAIS User Group and the Steering Committee on Reciprocity (SCOR).

CAIS operates under strict rules of reciprocity which Experian have worked with SCOR to grant access to and use of by social landlords whom share data with the Rental Exchange. Therefore, members are entitled to access information that is directly equivalent to the level of information that they supply.

To find out more, go to:

[www.experian.co.uk/consumer-information/what-is-cais.html](http://www.experian.co.uk/consumer-information/what-is-cais.html)



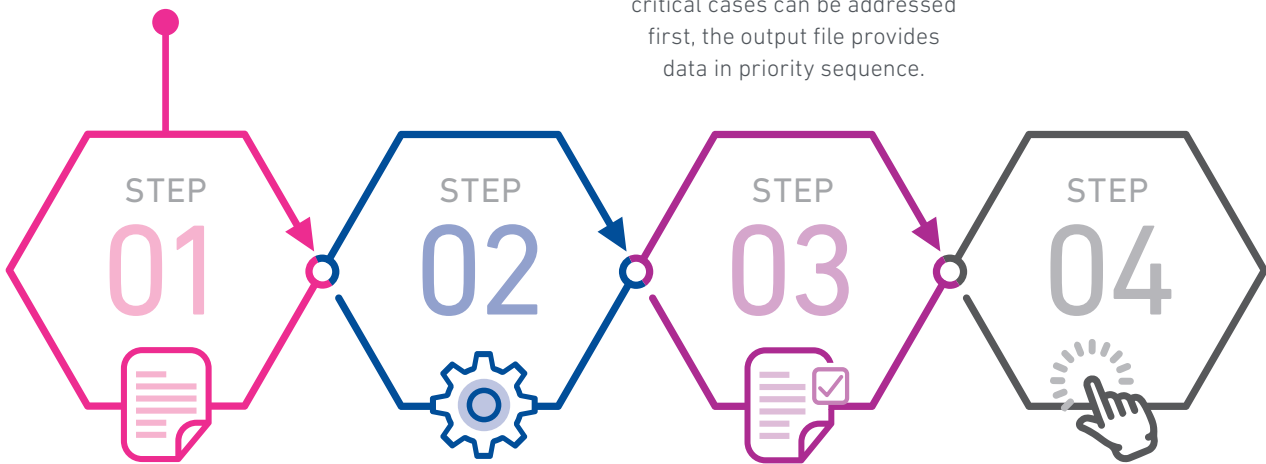
# Implementing tenancy sustainability

## Submit Rental Exchange data

The tenant's rent payment information is received from the housing provider via a secure network.

## Social landlord receives data

Through the Tenancy Sustainability solution, the social landlord would receive batch data providing insight into each tenant. So the most critical cases can be addressed first, the output file provides data in priority sequence.



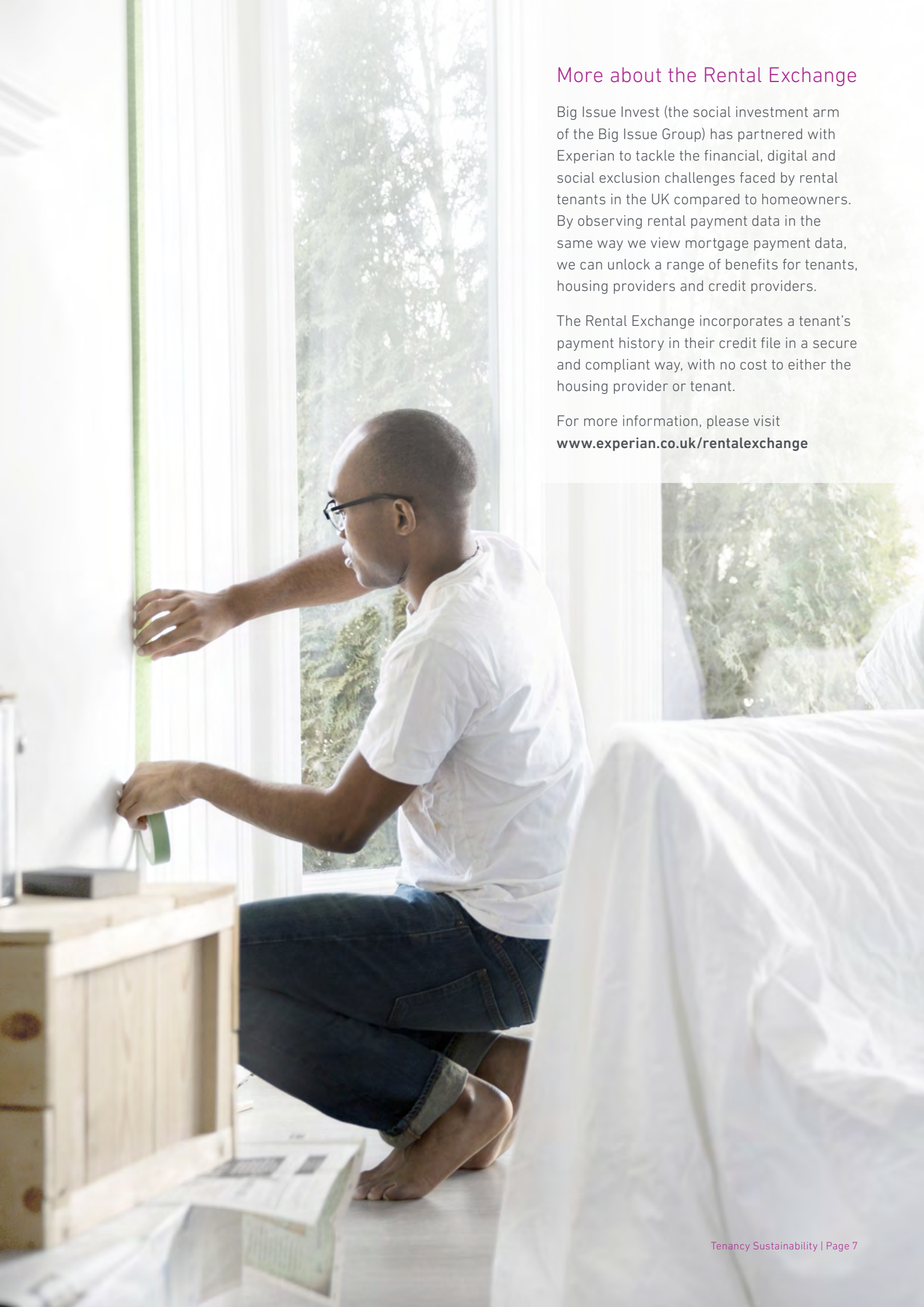
## Data Matching Engine (Expin)

Each file is processed to enrich The Rental Exchange data with the addition of CAIS and public record data from the credit bureau. Our unique data evaluation rules are utilised to undertake a detailed assessment of the financial position of each individual tenant.

## Identify: Financial Exclusion, Financial Stress and Financial Vulnerability

Providing organisations with a holistic view of a tenant's financial status will enable them to target efforts towards tenants who are likely to be impacted by Welfare Reform; helping to save time and reduce the impact sooner.

For further information please contact your Experian account manager, or email: [cavan.doyle@experian.com](mailto:cavan.doyle@experian.com), Experian's Rental Exchange product manager



## More about the Rental Exchange

Big Issue Invest (the social investment arm of the Big Issue Group) has partnered with Experian 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.

For more information, please visit [www.experian.co.uk/rentalexchange](http://www.experian.co.uk/rentalexchange)



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