



## The Money House: Estimating the fiscal benefits to social landlords and other public services

Final Report

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Funded by:



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## Contents

1. Executive Summary.....	3
2. Introduction .....	5
3. Background and Context.....	6
4. Approach.....	8
5. Tenancy context.....	13
6. Rent arrears .....	15
7. Evictions .....	19
8. Conclusions .....	23

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# 1. EXECUTIVE SUMMARY

## Introduction and context

- 1.1 The Money House (TMH) provides financial education training to young people in two flats in Greenwich and Newham to support young people to live independently and make informed financial decisions. Organisations refer young people aged 16-25 directly to TMH with a focus on those in, or about to move into housing, particularly those leaving the care system or seeking social housing, and recently also those moving into independent living in the private rented sector, students and individuals from neighbouring London Boroughs. Overall 626 young people have been engaged in 145 sessions delivered by TMH since January 2017. Delivery costs for this phase total to £585,402, including the cost of operating the flats and supporting the referral process.
- 1.2 While the training in TMH primarily aims to help the young people, such that they accrue benefits personally that improve their lives, it also creates benefits for wider society. These wider benefits stem from young people not incurring debts and the consequences of this on other parts of public sector provision and more widely the economy as a whole. This report focusses on this theme, with specific reference to the estimation of impacts relating to rent arrears and evictions.
- 1.3 This report is accompanied by a more general evaluation of TMH carried out between April 2017 and October 2018, which assesses the impact of a young person's transition into independent living having successfully completed TMH project.
- 1.4 The main evaluation report contains an assessment of the social value of TMH, as estimated by the HACT Social Value Calculator. This expresses the benefits to the individual resulting from their improved financial standing. These individual benefits for the service in Year 2 provide a social return of £3.36 for every £1 of investment.

## Impact estimation approach

- 1.5 To approach impact estimation, a review of recent literature was undertaken to better understand the subject and confirm the rationale for the approach. Having explored the processes associated with rent arrears and evictions, we found suitable proxies in the *New Economy Manchester Unit Cost Database*<sup>1</sup> to monetise impacts.
- 1.6 Our estimation draws upon survey evidence carried out with TMH beneficiaries for the Greenwich house only. Beneficiaries were surveyed at the end of their course, to assess their starting position, and these results compared with a three-month follow-up survey. This data was further combined with actual outcomes, based on data supplied by the Royal Borough of Greenwich regarding the current tenancy status of TMH beneficiaries.

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<sup>1</sup> The [New Economy Manchester Unit Cost Database](#) was last updated in March 2015 containing as many as 600 indicators across a wide range of social concerns. This study draws on selected housing outcomes.

- 1.7 Estimation calculations consisted of multiplying the proportion of TMH beneficiaries exhibiting changed behaviour, scaled up by the number of beneficiaries across the programme, multiplied by the proxy values from New Economy Manchester.
- 1.8 Results are considered in the context of the limitations of the approach and the assumptions associated with the data and use of the database. The main point to emphasise is that these benefits are only expressed in the short-term, but that TMH participants will continue to reap personal benefits themselves and create wider societal benefits through their learning for years to come.

## Findings

### Service improvements

- 1.9 Rent arrears are relatively lower in Greenwich compared with other areas. Arrears are 43% lower for full tenancies and 68% lower for semi-independent living.
- 1.10 Proportions with arrears in excess of £500, fell from 33% for the general population of young people in Greenwich, to just 11% for TMH participants in 2014. Repeating the exercise for MyBnk delivery across 2017-18 showed that this rate remained low at 12%.
- 1.11 Self-reported levels of arrears had decreased by 41% between starting with TMH and follow-up surveys.
- 1.12 Evictions have a difference of one percentage point between Greenwich and other areas for full tenancies and a 64% difference for semi-independent living.
- 1.13 Self-reported data on evictions showed a decrease of 64% between starting with TMH and follow-up surveys.

### Economic benefits

- 1.14 Analysis of Local Authority data finds that intervention by TMH may be responsible for reducing the proportion of young people evicted by 5.2 percentage points (64% decrease). At a unit cost of £2,188 per eviction associated with *written-off rent arrears*, this would be would represent a notional monetised **saving of £71,000** for the 626 TMH beneficiaries. However, while we can report the reduction in the proportion of TMH beneficiaries that are in arrears we are not able to estimate what this is worth in terms of savings elsewhere in the economy.
- 1.15 With a unit cost of £7,056 per eviction associated with *eviction and homelessness*, the reduced eviction levels represent a notional monetised **saving of £230,000** for the 626 TMH beneficiaries.
- 1.16 While we focus on rent arrears and evictions, there are further societal benefits not captured by this study. TMH participant surveys also collected evidence relating to other priority payments (council tax, utility bills, TV licence etc). Analysis indicated that non-rental debts were £960 on average (more than double rent arrears), but three months later not one response indicated they had any other outstanding priority payments.

## 2. INTRODUCTION

### Introduction

- 2.1 The Money House (TMH) is a simulated living programme helping young people in, or about to move into housing to manage their money and live independently. The programme provides financial education training to young people in two flats: one in Newham and one in Greenwich. ERS Ltd was commissioned by MyBnk to undertake an evaluation of TMH between April 2017 and October 2018 and, further to this, investigate the societal impact of the programme.

### Scope of the report

- 2.2 This report presents the findings towards the wider societal impact of TMH programme. This is very much a companion to the main TMH evaluation, seeking to address a very particular question concerning improvements to housing outcomes that may be attributed to TMH. The two housing outcomes focused upon are rent arrears and evictions. While the main TMH evaluation (reported separately) focuses on the benefits for young people, this supplementary report considers improvements that benefit housing providers and the public purse, as well as housing stability for young people.
- 2.3 The report begins with a short summary of the background and context to TMH, including the engagement of young people and outcomes achieved to date, as evidenced by the wider evaluation. The approach to the current study and process of estimating the societal impacts of the intervention is subsequently presented along with its limitations. Analysis of data on participant tenancies is detailed, followed by findings of the study which are divided into understanding the contribution of TMH and economic benefits of (firstly) reducing rent arrears and (secondly) the prospect of evictions.

### 3. BACKGROUND AND CONTEXT

#### Overview of the Money House

- 3.1 TMH is a simulated living programme in a real flat<sup>2</sup> helping young people in, or about to move into housing to manage their money and live independently. Comprising one and five-day courses, the Programme aims to provide young people with practical financial and digital skills to pay their rent, bills and living costs whilst making informed positive choices about their future.
- 3.2 The TMH programme was developed by MyBnk and Hyde Housing in 2012 and delivered in Greenwich by Hyde Housing up to 2016, funded by the Big Lottery's Improving Financial Confidence Fund. The programme was delivered to more than 600 young people in an adapted YMCA flat. In 2017 MyBnk took over delivery of TMH and established a new, second house in Newham. The change in management also precipitated other changes including: (i) updated curriculum; (ii) strengthening evaluation; (iii) widening the referral network and (iv) halving delivery costs. Current funders include JP Morgan Chase Foundation, Berkeley Foundation and Hyde Housing.



- 3.3 Delivery costs of the programme for 2017 and 2018 total to £585,402. This includes those costs of delivering the programme to young people (61.5%), as well as the cost of operating the flats and supporting the referral process (38.5%).

#### Engagement of young people

- 3.4 Traditionally, the programme has targeted young people before they get their first tenancy; e.g. those living in local supported housing and/or going through the move-on process. Since 2017, efforts have been made to engage young people from a range of backgrounds in order to also include those moving into independent living in the private rented sector, students and individuals from neighbouring

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<sup>2</sup> A virtual tour of the flats is available online:  
[https://cdn.instavr.co/html/TkXucyfG7I7Z2BNJCfVy\\_app.html?bust=d6dnwzlh5](https://cdn.instavr.co/html/TkXucyfG7I7Z2BNJCfVy_app.html?bust=d6dnwzlh5)



London Boroughs. Organisations refer young people directly to TMH via an online system. The TMH team then undertakes safeguarding checks and contacts the young person to confirm an attendance date and location.

- 3.5 By the end of September 2018, 626 young people had been engaged in 145 sessions delivered by TMH since January 2017. Of these, 536 completed the course. More sessions have been delivered in total at Greenwich and, correspondingly, considerably greater numbers of young people have attended and completed at this house.



## Outcomes

- 3.6 The objective of the preventative approach of TMH is to generate economic benefits by avoiding/reducing costs relating to arrears, evictions and homelessness as well as lessening the burden on those who support these young people such as social workers, support workers and housing officers.
- 3.7 Analysis of TMH participant surveys and wider data (undertaken as part of the main evaluation) indicates that there is evidence that TMH is meeting all of its KPIs to some extent. This includes increasing participant use of banking facilities and participants setting budgets and saving regularly, alongside a decrease in those receiving bank charges or had direct debits bounce. The programme's performance indicator concerning housing stability was found to be met through the measurement of low eviction rates. A further KPI for rent arrears showed a reduction in the proportion with arrears of 41%, missing the ambitious 75% target, but showing very considerable improvement nonetheless.

## 4. APPROACH

### Overview

- 4.1 The purpose of this study is to estimate the societal impacts resulting from the TMH intervention with young people. The focus is on estimates of the economic impacts resulting from reducing rent arrears and the likelihood of eviction. This leads to two high-level questions:

*What is the economic impact of reducing rent arrears?*

*What is the economic impact of reducing rates of eviction?*

- 4.2 It is therefore key to determine what activity is associated with both rent arrears and evictions and then attempt to monetise their value for individual outcomes and for TMH as a whole. Outcomes or benefits are to be considered in terms of reducing demand for services, such that fewer financial and human resources need be deployed, effectively representing a saving for the public purse in a time of austerity.

### Conceptual framework

- 4.3 While our central question concerns the effects of potential reductions in arrears and evictions, it is worth stating that these benefits accrue to different groups in different ways, such that there are distinct benefits for three main groups: (i) Individuals; (ii) social landlords and public services; (iii) wider society.
- 4.4 As well as these three distinct groups, it is also possible to consider the available data in terms of self-reported benefits, secondary data from social landlords and types of benefit that may apply, where there is no available data at present. This is presented in matrix form as Table 1.
- 4.5 Benefits to individuals can be expressed in terms of self-reported data concerning improvements to other debt, making priority payments and the improved outcomes expressed through the HACT Social Value Calculator. They can also be expressed in terms of descriptive statistics, showing lower levels of arrears and fewer tenants in arrears, as well as fewer evictions.
- 4.6 Benefits also accrue within the overall social housing system, relating to social landlords, local authorities and other public services. These are expressed in terms of the fiscal costs of providing



services by social landlords and local authorities and others in terms of incurring costs relating to eviction.

- 4.7 There are also some possible benefits that we are not able to estimate, either because the benefit itself is less tangible and challenging to measure, or because no suitable proxy value presently exists. This includes benefits associated with improved well-being and better mental health that benefit the individual. There are also benefits to social landlords and other public services, such as lower council tax arrears (and write-offs), as well as imposing less of a burden on the administration associated with the collection and mitigation strategies associated with rent collection and arrears. There are a final set of benefits relating to wider society, which are conceived of in terms of reduced demand for other services from NHS, DWP and wider services.

*Table 1: Conceptualising Impacts*

	Monetised benefits using self-reported data	Monetised benefits using housing provider data	Gaps in reporting
<b><i>Benefits to Individual</i></b>	<ul style="list-style-type: none"> <li>• Non-rental debt</li> <li>• Priority payments being made</li> <li>• <i>HACT Social Value Calculator</i></li> </ul>	Descriptive statistics demonstrating: <ul style="list-style-type: none"> <li>• Lower rent arrears</li> <li>• Fewer tenants in arrears</li> <li>• Fewer Evictions</li> </ul>	<ul style="list-style-type: none"> <li>• Improved personal responsibility</li> <li>• Improved wellbeing and other social outcomes associated with stability and security</li> </ul>
<b><i>Fiscal Benefits to social landlords and public services</i></b>		Estimation of fiscal benefits: <ul style="list-style-type: none"> <li>• Evictions (<i>New Economy Model</i>)</li> <li>• Rent Arrears written off (<i>New Economy Model</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• Council tax</li> <li>• Support services</li> <li>• Administration of arrears</li> </ul>
<b><i>Economic and social benefits to society</i></b>			<ul style="list-style-type: none"> <li>• Benefits to wider services</li> <li>• e.g. NHS, DWP etc.</li> <li>• Improved civic participation</li> </ul>

## Methodology

### Descriptive statistics

- 4.8 We are able to estimate the reduction in arrears and evictions from two main sets of data. The first set of data is self-reported values given by a survey of TMH participants over the last two years (2017 and 2018). A second set of data draws on data on TMH beneficiaries, linked with tenancy data from

Royal Borough of Greenwich detailing the extent of current arrears and current tenancy status, including evictions. This second set of data covers the period from 2014-18, therefore including some of the time when Hyde Housing operated TMH.

- 4.9 The first stage of our method is to ask prior questions to determine what processes are at work in relation to arrears and evictions. Further to this, processes need to be understood in economic terms, so that we can clearly identify where cost savings might reasonably be expected as a result of outcomes not occurring e.g. the savings to services and individuals of a young person not being evicted.

### Scoping and sourcing proxy values

- 4.10 The first stage of our method is to ask prior questions to determine what processes are at work in relation to arrears and evictions. Further to this, processes need to be understood in economic terms, so that we can clearly identify where cost savings might reasonably be expected as a result of outcomes not occurring e.g. the savings to services and individuals of a young person not being evicted.
- 4.11 We then undertook a review of recent literature to better understand the subject, confirm the rationale for the approach, as well as search for useful proxy values to monetise impacts.
- 4.12 Having explored the processes associated with rent arrears and evictions, we found suitable proxies in the *New Economy Manchester Unit Cost Database*<sup>3</sup>. All of the housing outcomes are sourced from a report by Shelter<sup>4</sup> providing a range of costed outcomes associated with housing. The costs quoted are fiscal costs only, directly capturing the cost to the public sector agency charged with that responsibility, rather than a wider consideration of costs to the economy. In total, we draw upon nine of the subsidiary costs under the *Eviction* and *Homelessness* headings.
- 4.13 We draw on these figures as proxies for activity in Greenwich and Newham, updating them to reflect likely costs in 2018. The costs provided in the database are originally from 2010/11, updated to 2015 and although costs themselves may have changed, we convert this nominal amount from 2015 into the real value in 2018 using the GDP deflator.

### Programme effects and economic impact estimation

- 4.14 The effect of TMH for both rent arrears and evictions is conceived in terms of fewer TMH beneficiaries drawing on support services. Therefore, we draw upon survey evidence carried out with TMH beneficiaries<sup>5</sup> at the end of their course, to assess their starting position, and compare this with later

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<sup>3</sup> The [New Economy Manchester Unit Cost Database](#) was last updated in March 2015 containing as many as 600 indicators across a wide range of social concerns. This study draws on selected housing outcomes.

<sup>4</sup> [Shelter \(2012\) Immediate costs to Government of loss of home](#)

<sup>5</sup> The beneficiary survey data is for the Greenwich house only and not for the Newham TMH.

survey results in a three-month follow-up survey<sup>6</sup>. The surveys cover the period from June 2017 to September 2018. This first set of evidence relies on self-reported data<sup>7</sup>, but this is also combined with actual outcomes, based on data supplied by the Royal Borough of Greenwich regarding the current tenancy status of TMH beneficiaries, including whether they have been evicted. This estimation of the size of the effect is represented in the diagram below<sup>8</sup>.

$$\left( \begin{array}{c} \text{Survey 1} \\ \text{Proportion} \end{array} - \begin{array}{c} \text{Survey 2} \\ \text{Proportion} \end{array} \right) \times \begin{array}{c} \text{Independent} \\ \text{living weighting} \end{array} = \begin{array}{c} \% \text{ Effect} \end{array}$$

4.15 The complication is that some of the TMH beneficiaries responding to the survey have not yet made the transition into independent or semi-independent living. This is accounted for by reweighting according to the proportion of TMH beneficiaries that have made a transition and are likely to be affected by rent arrears or eviction.

4.16 The estimation itself is simply the result of multiplying the proportion of TMH beneficiaries exhibiting changed behaviour, scaled up by the number of beneficiaries across the programme, multiplied by the proxy values from New Economy Manchester.

$$\begin{array}{c} \% \\ \text{Effect} \end{array} \times \begin{array}{c} \text{No.} \\ \text{Beneficiaries} \end{array} \times \begin{array}{c} \text{New Economy} \\ \text{proxy (£)} \end{array} = \begin{array}{c} \text{£ Impact} \end{array}$$

### Limitations and caveats

4.17 This study focusses on only two aspects of societal impact: rent arrears and evictions. There are other fiscal impacts related to other important payments. For example, council tax or utility bills are regular payments and, when in order, demonstrate personal financial responsibility, an outcome that also sits at the heart of TMH training.

4.18 While our treatment of evictions draws upon eight separate indicators supplied by New Economy Manchester, rent arrears only uses one indicator (arrears write-offs). We were unable to estimate the value of savings of administrative time in the chasing of debts and the reduction of effort in mitigation strategies that are made redundant by improved behaviours.

4.19 There are also a number of assumptions made in our use of the New Economy database. Firstly, we assume that London has costs that are the same as national estimates, which may understate values. Secondly, we assume that these costs for the general adult population would also apply to the young

<sup>6</sup> Note that this analysis focuses on the change between the end of the course and three-months following, focusing on definite responses i.e. omitting 'not sure'. This differs from the analysis approach within the main TMH evaluation report and therefore figures across these may differ.

<sup>7</sup> Question 21 asked "Have you been evicted during the past 12 months (not including rental agreements coming to end)?" Question 22 asked "Are you currently in rent/service charge arrears?"

<sup>8</sup> In the case of eviction, we draw upon RBG supplied data on TMH current tenancy status for the second data observation.

people taking part in TMH, which may, if anything cost more, because of the additional involvement of Children's Services.

- 4.20 In our estimation we rely on self-reported survey responses and, although we also draw on RBG data for current tenancy status, we do not have counterfactual evidence that consider outcomes for a comparison group that did not receive TMH support.
- 4.21 One final limitation of the monetised benefits is that we are only showing the benefits for a time-limited period immediately after intervention. It remains to be seen whether TMH is effecting life-changing behaviour, but there will most certainly be persistent benefits, which we are not capturing in our assessment.

## 5. TENANCY CONTEXT

### Introduction

- 5.1 This section explores the tenancies of TMH participants, setting out the context for investigating rent arrears and evictions. This draws upon self-reported statuses from participants as well as Royal Borough of Greenwich data. It includes an overview of the type of housing TMH participants settle in; and their data around maintaining tenancies.

### Type of Housing

- 5.2 TMH clients are settled in a variety of different housing, provided by a wide variety of landlords. It is most instructive, for our purposes, to look at tenancies in terms of being *Independent living*, *Semi-Independent living* or *Neither* (no transition from care). Table 1 presents data from Greenwich showing the types of housing TMH beneficiaries were living in. More than two-thirds were to be found in independent living<sup>9</sup>, less than one fifth in semi-independent living<sup>10</sup> and just over one tenth yet to move on.

Table 1: TMH Beneficiaries by type of housing

Type of housing	Number	%	% paying rent
Independent living	238	69.6	79.6
Semi-independent living	61	17.8	20.4
Neither	43	12.6	-

Source: Royal Borough of Greenwich tenancy data (September 2018)

- 5.3 The rightmost column in the table, showing the proportions that pay rent is the most important. As many as four-fifths of rent-paying TMH beneficiaries are in Independent living, with only one-fifth in semi-independent living. This distinction is very important because outcomes in terms of arrears and evictions are both very sensitive to the type of housing.

### Moved on outcomes

- 5.4 Another important aspect of the study is whether tenancies are maintained, or if there has been movement, and whether this movement was positive (relinquished) or negative (evicted or abandoned).
- 5.5 Table 2 shows that 83% of known tenancy outcomes involved tenants in independent living remaining in the system, with a small minority of negative outcomes. Only 3% of tenancies had resulted in evictions, although a further 4% were pending. A further 3% of tenancies had resulted in abandonment, where arrears may have been a factor and 7% were relinquished by the tenant.

<sup>9</sup> Mainly the Royal Borough of Greenwich's own housing stock (41% of the total, or 47% of the rented total), with smaller numbers with L&Q and Hyde Housing associations, as well a number of other landlords.

<sup>10</sup> Mainly DePaul and YMCA.

- 5.6 Those individuals where court action is pending may ultimately not result in eviction. This may be for a variety of reasons including the clearing of arrears or a plan to do so. Evidence from MOJ (2018)<sup>11</sup> suggests that only 27% of claims result in possessions. Applying this to TMH data might suggest that just 2 of the 8 tenants with pending court action would ultimately result in eviction, equivalent to 1% of tenancies.

*Table 2: TMH Beneficiaries by type of housing*

Moved on status	Number	% overall	% known tenancy outcomes
Not moved on	173	48%	83%
Court Action pending	8	2%	4%
Evicted	7	2%	3%
Abandoned	7	2%	3%
Relinquished	14	4%	7%
Under Offer	11	3%	-
Not in independent living	23	6%	-
Unknown	118	33%	-

*Source: Royal Borough of Greenwich tenancy data (September 2018)*

- 5.7 This exercise is repeated for both independent and semi-independent tenancies in Table 3, showing that eviction is much more likely for semi-independent living, but rather less likely for independent living. This is very much in line with the literature which suggests a rate of evictions in supported housing five times greater than general housing<sup>12</sup>.

*Table 3: Moved on status – Independent and semi-independent living*

Moved on status	Independent living		Semi-independent living	
	Number	%	Number	%
Not moved on	127	90%	45	68%
Court Action pending	5	4%	3	5%
Evicted	1	1%	6	9%
Abandoned	2	1%	4	6%
Relinquished	6	4%	8	12%

*Source: Royal Borough of Greenwich tenancy data (September 2018)*

<sup>11</sup> [MOJ \(2018\) Mortgage and Landlord Possession Statistics](#). While 31,840 claims were made, this only resulted in 8,743 possessions.

<sup>12</sup> [Tenant Services Authority \(2010\) Rent arrears management practices in the housing association sector](#)



## 6. RENT ARREARS

### Introduction

- 6.1 This section focuses on better understanding the contribution of TMH to reducing the rent arrears and the economic benefits of doing so. It includes: an overview of the position of rent arrears more widely in the UK; an analysis of the rent arrears positions of TMH beneficiaries in Greenwich; and an estimation of the economic value of the TMH contribution.

### Rent arrears: challenges for tenants and landlords

#### Tenants

- 6.2 Tenants are rightly protected by the law and legal proceedings leading to eviction for non-payment can only occur after eight weeks rent is owed.
- 6.3 Tenants are not alone and there are a number of organisations offering support. This safety net includes sources such as [Citizens Advice Bureau](#), and resources such as the online financial health check from the [Money Advice Service](#).
- 6.4 In practice, getting into arrears is not often due to mismanagement of finances, but a change in circumstances, such as the loss of a job, or other income, which puts pressure on the household budget.
- 6.5 However, arrears may also be incurred as a result of changes to the benefits system. For individuals there are particular issues with respect to the timings of payments, and this would appear to be especially the case with Universal Credit, where rent and benefits are not perfectly synchronised. It is clear therefore that some arrears will be cleared in the normal course of events and are simply short-term issues related to the timing of payments. Where Universal Credit is causing longer delays it will be the cause of larger arrears building up.

#### Landlords

- 6.6 The rights of tenants also create potential financial challenges for landlords, with a very particular type of service-remuneration proposition, with quite considerable risks. Many businesses may have payment terms of 28 days in arrears, but have the ability to withhold future services for non-payment, whereas landlords must continue to render services.
- 6.7 The financial position is not entirely negative for landlords and many tenants will be in credit, or have low arrears, which are easily cleared.
- 6.8 In the event that arrears are beginning to accumulate there are a number of mitigation strategies that may be adopted. These include speaking to tenants about their options and exploring what other income (especially benefits), or savings might be drawn upon to address arrears. Larger landlords, including large housing associations invest in mechanisms specifically designed to identify potential arrears difficulties upstream and respond to the situation before it becomes critical.

## What are the costs associated with arrears?

- 6.9 While arrears are a moving balance and potentially cause cash flow difficulties, they may not ultimately be realised in terms of costs. Some costs are inevitably incurred when arrears are finally written off, but until this is the case they may still be recovered. However, in the process of recovery, further costs are incurred through chasing payments, including efforts to recover normal arrears, as well as more substantive debts, including those from former tenants.
- 6.10 The relevant types of costs associated with arrears, where early upstream TMH intervention could make a difference include:

- Written-off arrears (former tenants)
- Costs of chasing payments from former tenants
- Costs of chasing normal arrears
- Costs of mitigation strategies (officers, procedures etc.)
- Possible bridging loans to meet cashflow difficulties

## TMH residents: fewer and lower arrears

### Comparatively lower arrears

- 6.11 Tables 4 and 5 present evidence comparing levels of arrears for young people in Greenwich with other social housing in London.
- 6.12 Table 4 shows that the typical level of arrears (median arrears) for young people in full tenancies, showing that Greenwich is 43% lower than other comparable areas in the Capital.

*Table 4: Arrears of young people in full tenancies in London*

Locality	Count	Median Arrears	£ Difference	% Difference
Greenwich	89	£228.22	-£168.98	-43%
Non Greenwich <sup>13</sup>	485	£397.20		

- 6.13 Table 5 presents similar evidence for semi-independent living showing that median arrears are 68% lower in Greenwich, than the comparison of YMCA.

*Table 5: Arrears of young people in semi-independent tenancies in London*

Locality	Count	Median Arrears	£ Difference	% Difference
Greenwich	43	£129.63	-£272.97	-68%
Non Greenwich <sup>14</sup>	119	£402.60		

<sup>13</sup> Combined evidence from Lewisham, Lambeth and Hyde

<sup>14</sup> Evidence from City YMCA

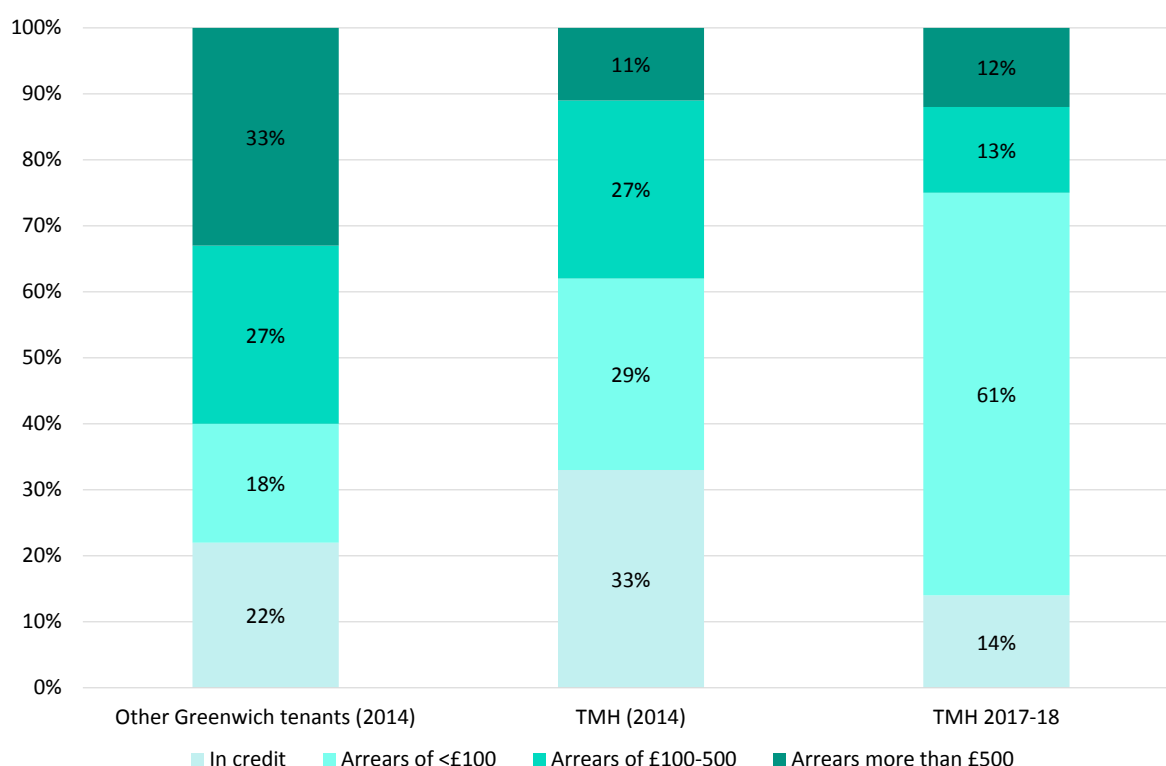
6.14 Tables 4 and 5 would appear to suggest that levels of arrears are lower in Greenwich than neighbouring areas. While this may be the case, it is not possible to attribute this difference entirely to TMH, since there may simply be more assiduous rent collection and different management systems in place, rather than better payment behaviour. The next section addresses this issue, by comparing the behaviour of cohorts over time.

### Improvements in arrears

6.15 In addition to comparing between housing providers, it is also possible to track the progress of cohorts of beneficiaries, to monitor how they compare, against their peers. Hyde Housing first did this in 2014 and we repeat this exercise using 2018 data.

6.16 Figure 1 shows the proportions of tenants no, low, medium or high levels of arrears. The first column shows other young tenants in Greenwich, while the second column shows TMH beneficiaries one year after intervention. It shows that more were in credit, or had low levels of arrears and few had high arrears. We repeat the exercise for 2018, showing that those who potentially pose a higher risk (£500 or more) remain at a low level, just 12% in 2018. Not only are the low levels of high arrears being sustained by MyBnk, but this is the level being sustained at half the cost of delivery by Hyde Housing.

*Figure 1 Improvements in proportions with higher levels of debt*



6.17 This actual data can be compared with self-reported survey data collected by MyBnk for TMH beneficiaries completing surveys between June 2017 and September 2018. This self-reported data shows some improvements between the endline of the course and a follow-up survey three months later. As many as one quarter (24%) of TMH participants reported having arrears at the end of the

course, but by the three-month follow-up this had fallen to one sixth (16%). As well as the proportion reporting arrears being lower, for those that reported arrears the amounts were also lower, with an endline average of £412, compared to a three-month follow-up of £382.

- 6.18 Although we focus on arrears, the process of financial education clearly provides more universal benefits to a wide range of contractual relationships where debt might occur. A further survey question<sup>15</sup> was asked about other payments and again positive progress could be observed between responses from the end of the course, compared with the three-month follow-up. At the end of the course average non-rental debts were £960 on average (more than double rent arrears), but three months later not one response indicated they had any other outstanding priority payments.

## Economic Impact of TMH contribution

- 6.19 As discussed in paragraph 6.9, the nature of arrears as a balance means that considering arrears at any one point in time does not represent the economic cost to society. Some likely types of costs are noted, including the notional administrative costs which might be saved, as well as write-offs, including eviction.
- 6.20 The only proxy value that is publicly available is the cost of write-offs that would apply for evictions. The Manchester Unit cost database suggests a cost of write-offs (*H01.0.1*) of £2,188 at 2018 prices.
- 6.21 The impact of TMH intervention in relation to evictions can be estimated using survey evidence<sup>16</sup> collected during TMH participation, compared with data on current tenancy outcomes.
- 6.22 The effective rate of evictions in the previous 12 months on joining the programme was 8.1%, based on survey evidence.
- 6.23 Data from Royal Borough of Greenwich indicated that 2.9% of TMH beneficiaries had subsequently been evicted by September 2018.
- 6.24 If we assume that this difference is fully attributable to TMH, then it is responsible for a notional saving of evictions for 5.2% of the assisted group.
- 6.25 Across the 626 beneficiaries assisted this would equate to 32.6 tenants not being evicted. Using the estimated write-off value saved of £2,188, this would represent a cost saving of £71,282 not written off for the whole programme. These are benefits for the social housing providers.

### Writing off rent arrears

$$\begin{array}{|c|} \hline 5.2\% \\ \hline \text{Not evicted} \\ \hline \end{array} \times \begin{array}{|c|} \hline 626 \\ \hline \text{Beneficiaries} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Saving } £2,188 \\ \hline \text{per person} \\ \hline \end{array} = \begin{array}{|c|} \hline £71,282 \\ \hline \end{array}$$

<sup>15</sup> Question 26 asked “Apart from rent, are you up to date with your priority payments (e.g. council tax, TV license, utility bills, court fines etc.)?”

<sup>16</sup> Question 21 asked “Have you been evicted during the past 12 months (not including rental agreements coming to end)?”

## 7. EVICTIONS

### Introduction

- 7.1 This section focuses on better understanding the contribution of TMH to reducing the prospect of evictions and the economic benefits of doing so. It provides a background to evictions, including the sources of evictions and some of the economic costs associated with eviction and finally estimates the contribution of TMH to a reduction in evictions.

### Background to evictions

#### Prevalence and cause of evictions

- 7.2 A reading of the literature (Tenant Services Authority, 2010<sup>17</sup>) leads one to see evictions as inextricably linked to arrears. The finding is robust across time, with Neuberger (2003)<sup>18</sup> finding 90% of possession claims were from arrears and Pawson et al (2004)<sup>19</sup> reporting a figure of 93%. More recent data from HCA (2017)<sup>20</sup> shows that 74% of evictions were due to arrears, compared with just 13% for antisocial behaviour. HCA data for supported housing suggests just 33% relate to arrears and 36% to antisocial behaviour.
- 7.3 Most commentary and statistics are confined to social housing, but looking more broadly and including private rented housing, total evictions are closer to 40,000 per year. For the quarter January-March 2018 evictions had fallen to 8,743 per quarter (MOJ, 2018<sup>21</sup>).
- 7.4 London stands out across a number of metrics as having the most possessions, both with respect to social housing and the private rental market. In the quarter January-March 2018 London had 2,256 possessions and Greenwich was the highest in the country with 426 per 100,000 households. However, unlike the rest of the country, London is particularly susceptible to Section 21 (no fault) evictions, with nearly two-thirds (62%) of such evictions taking place in London<sup>22</sup>, such that arrears account for a lower proportion of evictions.

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<sup>17</sup> TSA (2010) *ibid*

<sup>18</sup> Neuberger, J. (2003) *House Keeping: Preventing homelessness through tackling rent arrears in social housing*, London: Shelter

<sup>19</sup> Pawson, H., Flint, J., Scott, S., Atkinson, R., Bannister, J., McKenzie, C. and Mills, C., (2004), *The Use of Possession Actions and Evictions by Social Landlords*, London: ODPM <http://www.communities.gov.uk/publications/housing/203568>

<sup>20</sup> [HCA \(2017\) Private Registered Provider Social Housing Stock in England 2016-17](#)

<sup>21</sup> MOJ (2018) *ibid*

<sup>22</sup> [JRF \(2017\) Poverty Evictions and forced moves](#)

## Evictions and young people

- 7.5 Provision has been made for children and young people leaving care in the Children Act 1989<sup>23</sup>, as well as local guidance by individual authorities such as Greenwich<sup>24</sup>. Local Authorities have a duty of care up to the age of 25 for young people leaving care. Initially, this concerns the first destination after leaving care and the transition to independent living:

*“Local authority protocols for care leavers’ transition to independent living should reflect this by enabling the delivery of effective preparation for independence with planned, sustainable moves. There should be no expectation that care leavers will be treated as “homeless” when their care placement comes to an end” DfE, 2011*

- 7.6 Furthermore, once they are housed there should be further effort to ensure that eviction does not occur:

*“Once a care leaver has been placed in suitable accommodation, the responsible authority should take positive action in partnership with the landlord and partner agencies to ensure the young person is provided with sufficient support to prevent eviction, or, the young person abandoning a property.” DfE, 2011*

- 7.7 However, despite the best efforts of all parties eviction does occur. In such instances a young person would be recognised as being homeless and engaged in a housing pathway, that would not normally involve bed and breakfast accommodation:

*“It is important that systems recognise that placement breakdowns that end in eviction, or abandonment, could result in a young person being considered to have become homeless “intentionally”, which may limit the assistance they would be entitled to under the homelessness legislation. Housing Services and Children’s Services should adopt a shared strategic approach to the provision of emergency accommodation and housing and support pathways for young people in order to avoid the use of B&B accommodation.” DfE, 2015.*

## Impacts of Evictions

- 7.8 While evictions present an immediate cost in terms of the administrative costs associated with the process, they also incur costs in terms of re-letting the property after eviction. These are costs borne by the landlord, but there are also further costs, mainly those associated with finding a new home for the evicted tenant. This includes housing advice, costs of administering homeless application, prevention of homelessness, homelessness advice and support, ongoing temporary housing and finally costs of new letting once accommodation is found.

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<sup>23</sup> [DfE \(2011\) The Children Act 1989 guidance and regulations Volume 3: planning transition to adulthood for care leavers](#)

<sup>24</sup> [Royal Greenwich Children’s Services Procedures Manual](#)



7.9 The Manchester Unit cost database for housing identifies a number of relevant costs associated with eviction and homelessness that would be relevant. The costs associated with eviction, where early upstream TMH intervention could make a difference include<sup>25</sup>:

▪ Administrative costs of eviction (H01.0.2)	£1,289 per incident
▪ Costs of re-letting properties (H01.0.3)	£3,209 per incident
▪ Housing advice (H01.0.4)	£200 per session
▪ Administering decision on homeless application (H01.0.5)	£432 per application
▪ Court desk advice on housing (H03.0.1)	£92 per session
▪ Administration associated with new letting (H03.0.4)	£549 per incident
▪ Concluding local authority statutory responsibility (H03.0.5)	£265 per incident
▪ Ongoing temporary housing (H04.0.2)	£113 per week

## TMH residents: fewer evictions

### Comparatively fewer evictions

7.10 Tables 6 and 7 present evidence comparing levels of evictions for young people in Greenwich with other social housing in London.

7.11 Table 6 shows that the proportion of evictions for young people in full tenancies is low in most circumstances. There was only one eviction recorded, in Greenwich, equivalent to 1% of the sample, compared with none in other London boroughs.

*Table 6: Evictions of young people in full tenancies in London*

Locality	Count	Evictions	%	% Difference
Greenwich	141	1	1%	1%
Non Greenwich <sup>26</sup>	232	0	0%	

7.12 Table 7 presents similar evidence for semi-independent. The results here are that evictions are rather more common, with evictions in Greenwich being 9%, but as high as 30% elsewhere. This is a difference of 64%. Assuming a similar profile of tenants and landlord behaviour then TMH can be seen to be especially effective with this type of tenancy.

*Table 7: Evictions of young people in semi-independent tenancies in London*

Locality	Count	Evictions	%	% Difference
Greenwich	66	6	9%	-64%
Non Greenwich <sup>27</sup>	57	17	30%	

<sup>25</sup> These detailed third level costs, are preferred to the higher level H01.0, H02.0, H03.0, H04.0 because there is substantial duplication across the categories.

<sup>26</sup> Combined evidence from Lewisham, Lambeth and Hyde

<sup>27</sup> Evidence from City YMCA

- 7.13 Tables 6 and 7 would appear to suggest that levels of evictions are very similar or much lower in Greenwich than neighbouring areas. While this may be the case, it is not possible to attribute this difference entirely to TMH, since there may simply be a different tenancy profile and different management systems in place, rather than less cause for evictions. The next paragraph addresses this issue, by comparing the behaviour of cohorts over time.
- 7.14 The benefit of TMH is assumed to be the difference in behaviour of tenants compared with their past behaviour. Initial survey evidence showed that 8.1% of TMH beneficiaries had been evicted in the past 12 months before participating in the programme. This was reduced to just 2.9% of TMH beneficiaries that had subsequently been evicted by September 2018.

### Economic Impacts of TMH contribution

- 7.15 The notional saving of 5.2% of TMH beneficiaries not being evicted equates to 32.6 tenants not being evicted.
- 7.16 Using the Manchester Unit Cost Database, each TMH beneficiary not evicted represents a saving of £7,056. For the whole programme of 626 beneficiaries this would represent a cost saving of £229,884. These are cost savings for social housing providers, as well as local authorities and other public services.

$$\begin{array}{|c|} \hline 5.2\% \\ \hline \text{Not evicted} \\ \hline \end{array} \times \begin{array}{|c|} \hline 626 \\ \hline \text{Beneficiaries} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Saving } £7056 \\ \hline \text{per person} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{£229,884} \\ \hline \end{array}$$

## 8. CONCLUSIONS

- 8.1 The Money House (TMH) provides a number of personal benefits to those taking part including knowledge and skills to improve their financial management and the confidence and self-belief to live independently. In addition to these individual benefits, there are also a class of benefits that help social landlords and other public services and a final class of benefits that relate to wider society as a whole.
- 8.2 This report focuses mainly on an estimation of the benefits for social landlords and other public services. The report is accompanied by a main evaluation study, which contains an assessment of the social value of TMH, as estimated by the HACT Social Value Calculator. This expresses the benefits to the individual resulting from their improved financial standing. These individual benefits for the service in Year 2 provide a social return of £3.36 for every £1 of investment.

### Descriptive statistics

- 8.3 Improvements are evident in terms of lowering the proportion of tenants in arrears, as well as the amount owed:
- Rent arrears are relatively lower in Greenwich compared with other areas. Arrears are 43% lower for full tenancies and 68% lower for semi-independent living.
  - Proportions with arrears in excess of £500, fell from 33% for the general population of young people in Greenwich, to just 11% for TMH participants in 2014. Repeating the exercise for MyBnk delivery across 2017-18 showed that this rate remained low at 12%.
  - Self-reported levels of arrears had decreased by 41% between starting with TMH and follow-up surveys.
- 8.4 Improvements are also evident in terms of lowering the proportion of tenants being evicted:
- Evictions have a difference of one percentage point between Greenwich and other areas for full tenancies and a 64% difference for semi-independent living.
  - Self-reported data on evictions showed a decrease of 64% between starting with TMH and follow-up surveys.
- 8.5 These descriptive statistics show the difference that TMH is making, but the actual fiscal or economic does not correspond with balances of arrears, but only occurs when there are costs to the system, such as the administration of the system, but most especially when debts are written off and eviction occurs.

### Economic benefits

- 8.6 Analysis of Local Authority data finds that intervention by TMH may be responsible for reducing the proportion of young people evicted by 5.2 percentage points (64% decrease). At a unit cost of £2,188 per eviction associated with *written-off rent arrears*, this would be would represent a notional

monetised **saving of £71,000** for the 626 TMH beneficiaries. However, while we can report the reduction in the proportion of TMH beneficiaries that are in arrears we are not able to estimate what this is worth in terms of savings elsewhere in the economy.

- 8.7 With a unit cost of £7,056 per eviction associated with *eviction and homelessness*, the reduced eviction levels represent a notional monetised **saving of £230,000** for the 626 TMH beneficiaries.
- 8.8 While we focus on rent arrears and evictions, there are further societal benefits not captured by this study. TMH participant surveys also collected evidence relating to other priority payments (council tax, utility bills, TV licence etc). Analysis indicated that non-rental debts were £960 on average (more than double rent arrears), but three months later not one response indicated they had any other outstanding priority payments.

### Reducing rent arrears

- 8.9 The issue of mounting arrears is not a problem per se, in that the balance can be cleared at a future date. However, the literature is clear that by far the majority of evictions (up to 90% in some studies) are due to excessive arrears.
- 8.10 There are other costs associated with high levels of arrears and potential savings for interventions such as TMH which aim to reduce arrears. These include regular chasing of arrears by landlords, outstanding balances of former tenants and reduced mitigation efforts of helping those manage their arrears. However, the only proxy value relating to arrears for costs which is publicly available is concerned with **written-off arrears**.
- 8.11 Intervention by TMH may be responsible for reducing the proportion of young people evicted by 5.2 percentage points. At a unit cost of **£2,188** per eviction associated with written-off arrears, this would be would represent a notional monetised saving of £71,000 for the 626 TMH beneficiaries.
- 8.12 It can also be shown that TMH is effective in reducing the proportion of young people in arrears. Surveys carried out at the end of the course and three months later recorded a fall in the proportion with arrears from 24% to 16%. This will help reduce some of the administrative costs noted in paragraph 8.2. However, while we can report the reduction in the proportion of TMH beneficiaries that are in arrears we are not able to estimate what this is worth in terms of savings elsewhere in the economy.

### Reducing evictions

- 8.13 Evictions are a necessary part of housing provision and while the cause may be excessive arrears in most cases, a host of other costs are prompted by this event, other than the cost of write-offs.
- 8.14 These further costs associated with eviction fall mainly on Registered Social Landlords and local authorities, but range from administration associated with eviction and re-letting of property to providing interventions to avoid homelessness and provide suitable temporary accommodation.

- 8.15 Intervention by TMH may be responsible for reducing the proportion of young people evicted by 5.2 percentage points (64% decrease). At a unit cost of **£7,056** per eviction associated with eviction and homelessness, this would represent a notional monetised saving of £230,000 for the 626 TMH beneficiaries.

### Other societal benefits

- 8.16 Although this report focusses on just two aspects of wider benefits to society (rent arrears and evictions), there are several other areas where there will be benefits to wider society. Surveys also collected evidence relating to other priority payments (council tax, utility bills, TV licence etc.) and found that they too had reduced over time, from an average of £960 at the end of the TMH course to nothing three months later.

### Recommendations

- 8.17 There are also some possible benefits that we are not able to estimate, either because the benefit itself is less tangible and challenging to measure, or because no suitable proxy value presently exists. This includes benefits associated with improved well-being and better mental health that benefit the individual. There are also benefits to social landlords and other public services, such as lower council tax arrears (and write-offs), as well as imposing less of a burden on the administration associated with the collection and mitigation strategies associated with rent collection and arrears. There are a final set of benefits relating to wider society, which are conceived of in terms of reduced demand for other services from NHS, DWP and wider services.
- 8.18 Future studies might address the areas identified in 8.17, especially those additional outcomes for social landlords and other public services. The literature indicates that there are four types of benefit not captured: (i) ordinary rent collection; (ii) pursuing former tenants; (iii) mitigation strategies and (iv) borrowing caused by cashflow difficulties. Research working specifically with social landlords to examine their costs would help developing a set of proxy values to complement the existing values used in the New Economy model.