

Reduce costs & improve performance – the smart way



Anna O'Halloran
Managing Director
6 October 2016

Today?

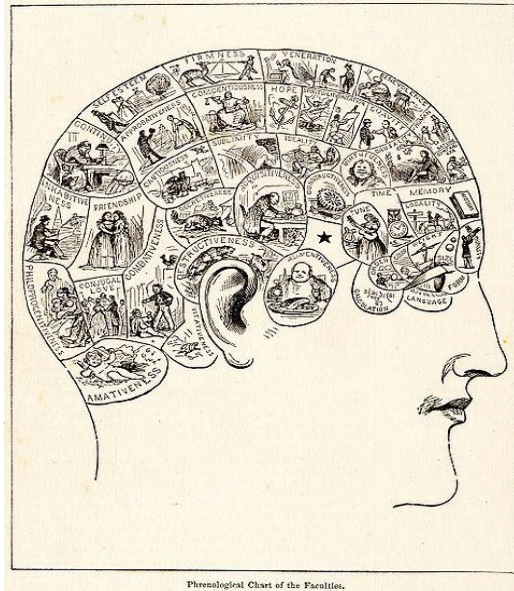
A new solution
to an old
problem –
getting the rent
in.



Getting the rent in - what's happened so far?

- ❖ Financial inclusion – now being cut?
- ❖ Welfare benefit & debt support – hard to quantify outcomes?
- ❖ Additional staff – expensive?
- ❖ Out of hours working – expensive & unpopular?
- ❖ System re-engineering – doing the wrong things 'righter'?
- ❖ Use of data - a bit of a struggle?
- ❖ Rent collectors – different views

A new solution?



A new lens to
overlay on our
behaviour change
challenges.



Based on **empirical studies** of human choice and decision making



"Radical Incrementalism:"

Small changes can trigger big impacts

In simple terms

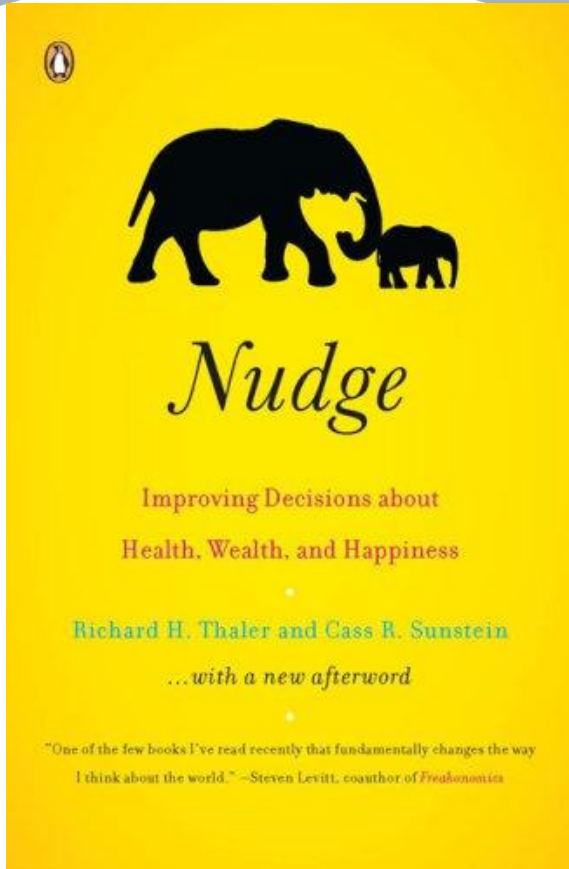
Homo Economicus?



Homer Economicus?



The tools

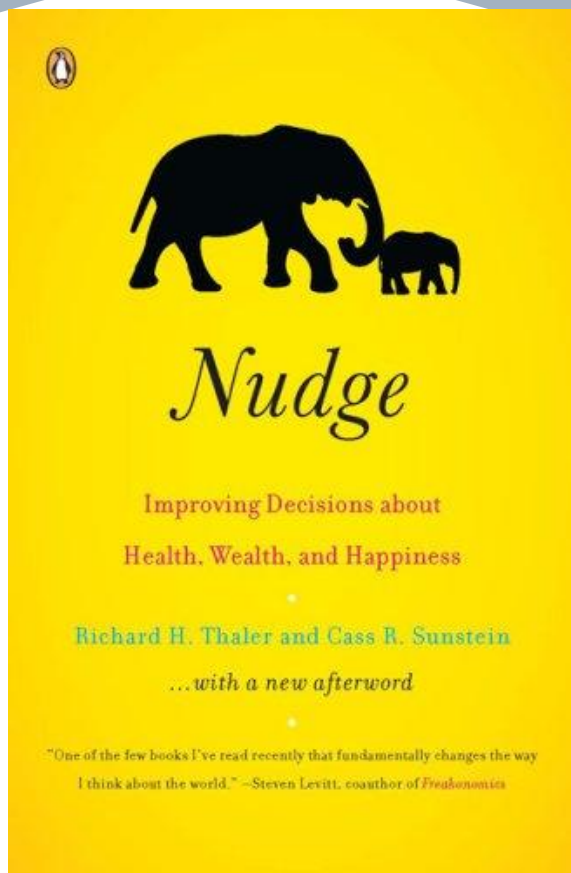


Let's get things moving with the Nudge.

"...any aspect of the choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives.

To count as a mere nudge, the intervention must be easy and cheap to avoid. Nudges are not mandates. Putting fruit at eye level counts as a nudge. Banning junk food does not."

The tools



The classic Nudge

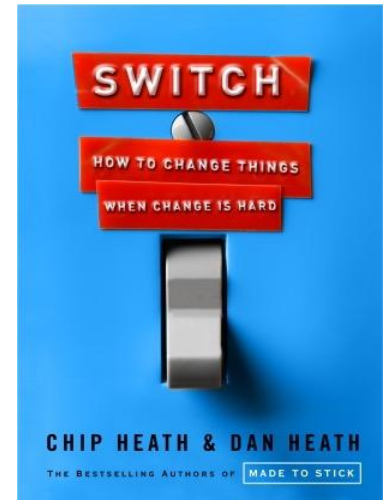
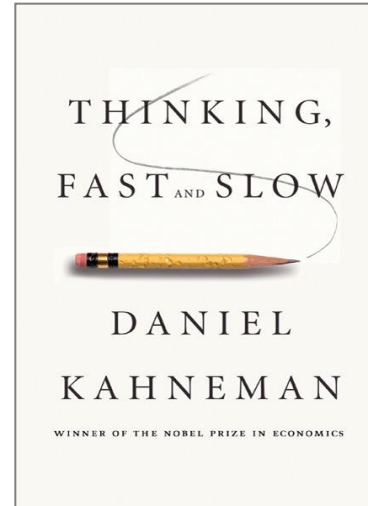
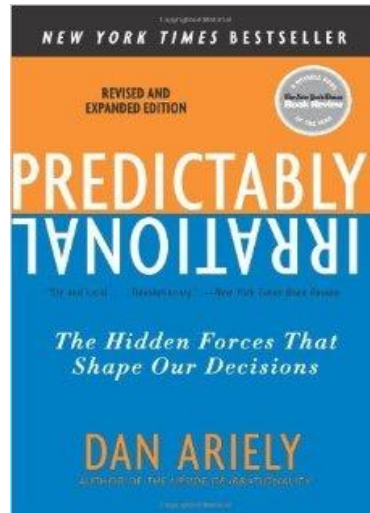
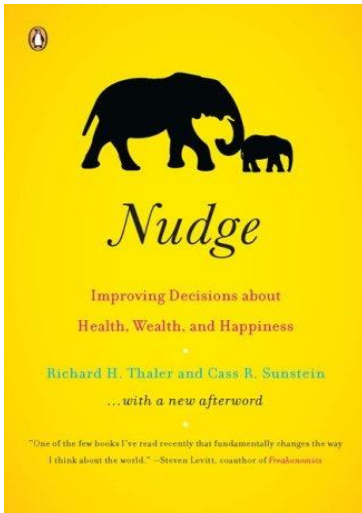
Small changes to context can have powerful impacts on behaviour.

"What often appears to be a people problem is actually a situation problem."

—Dan & Chip Heath, 'Switch'



Behavioural insights



Widely used in uk / us
government policy development.

The tools

Adopted with gusto by governments across the world



THE
BEHAVIOURAL
INSIGHTS TEAM.



The tools

... And by the private sector...

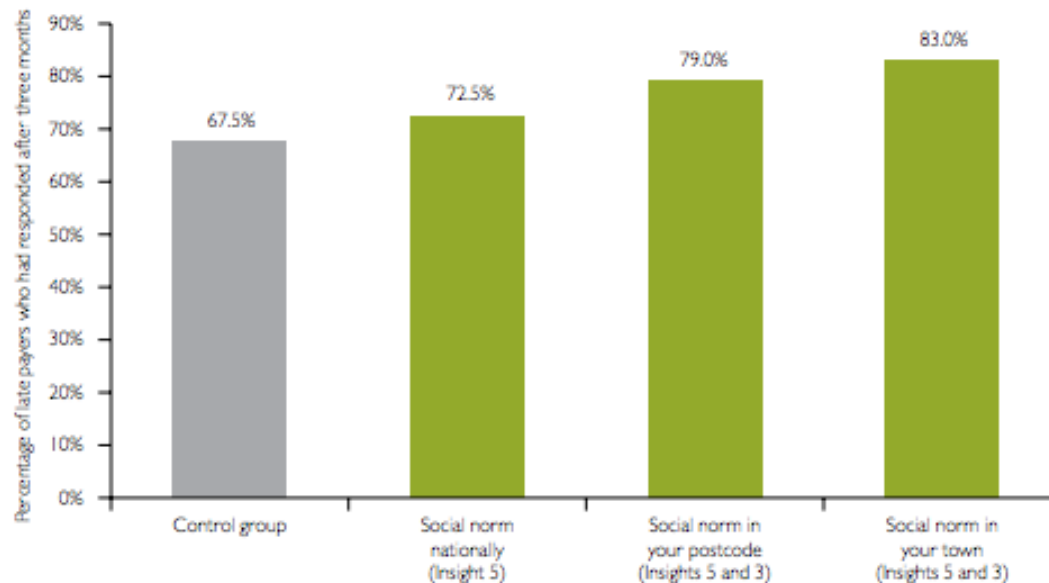
THE RISE OF THE CBO:

Just a selection of global organisations who have been recruited to 'behavioural' positions over the last 12 months.



When citizens were told that most people pay their tax on time, payment rates significantly increased.

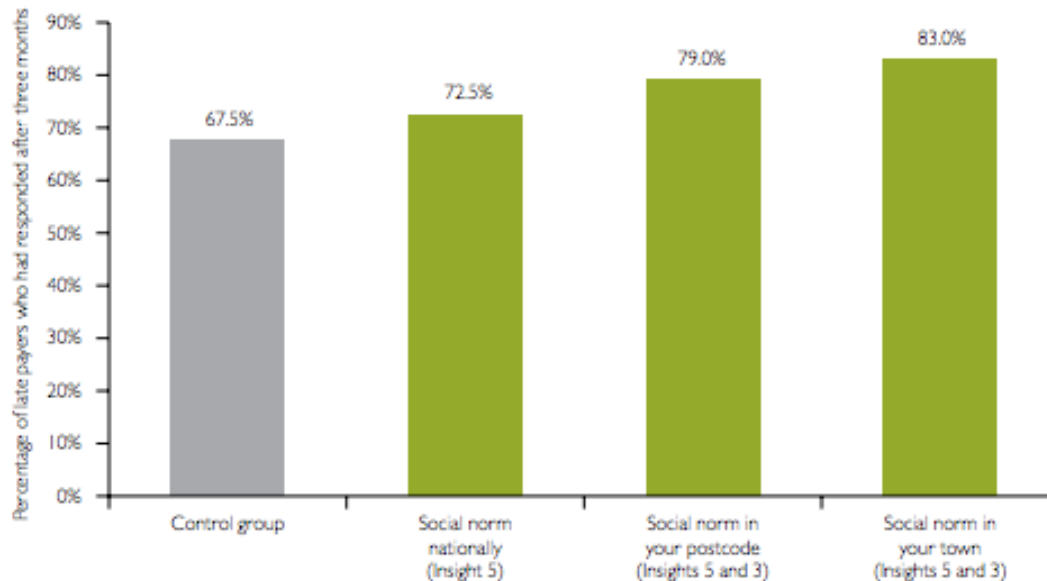
Trial 1a: Using social norms to increase tax debt payments



Norms

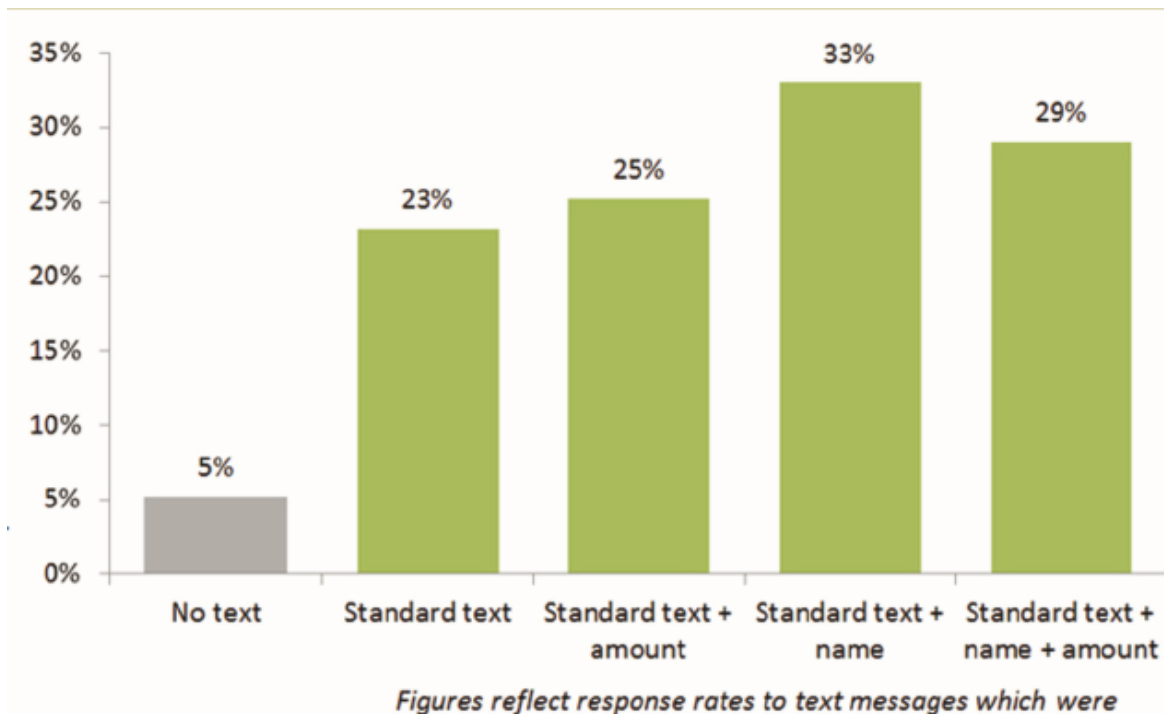
When citizens were told that most people pay their tax on time, payment rates significantly increased.

Trial 1a: Using social norms to increase tax debt payments



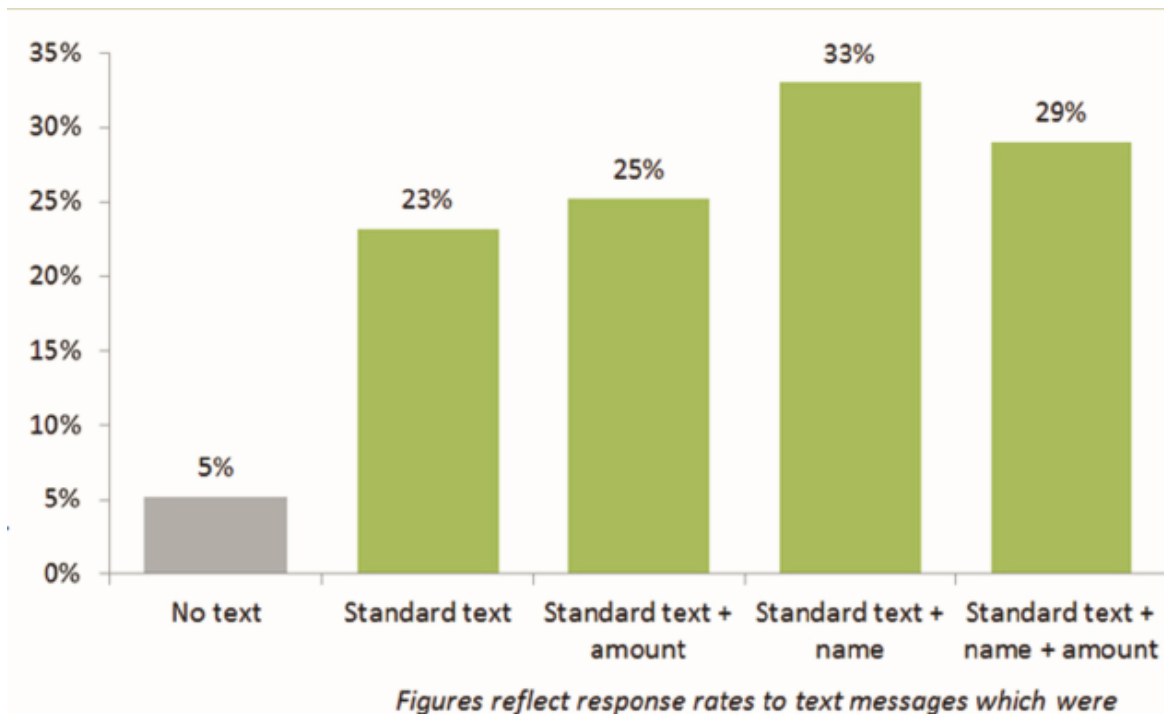
£210m of revenue brought forward in 2012/13 alone.

When people who were late with court fine received reminder text messages, payments when up by 28%



Messenger / salience

When people who were late with court fine received reminder text messages, payments when up by 28%



*£30m per
year in
saved
revenue
150,000
bailiff
interventions*

Understanding the drivers

PERSONAL FACTORS

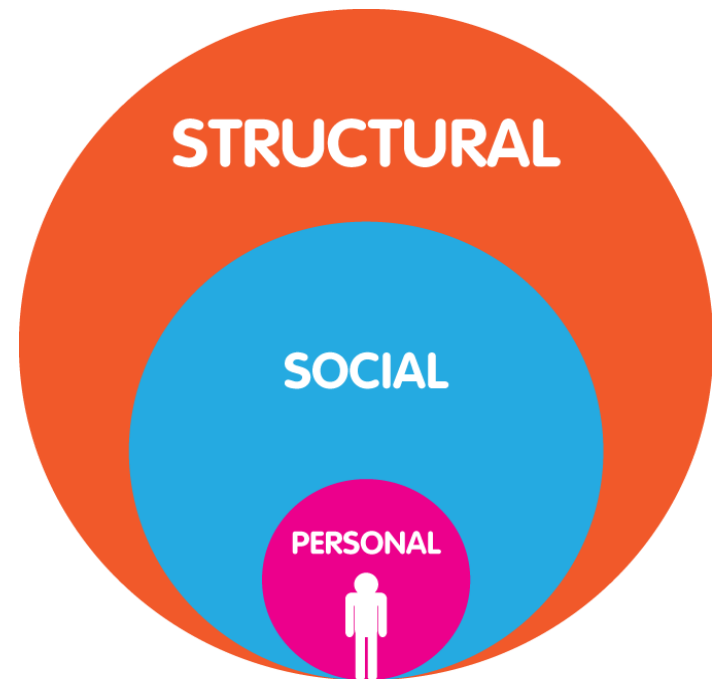
- Knowledge and awareness
- Attitudes and beliefs
- Habits and routines
- Ability and motivation

SOCIAL FACTORS

- Social norms
- Peer pressure
- Organisational / community culture

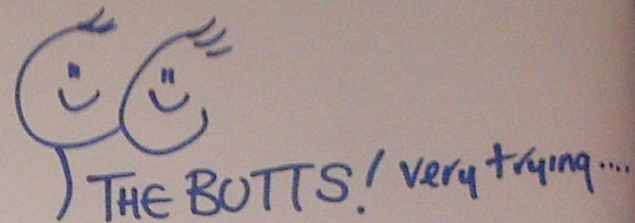
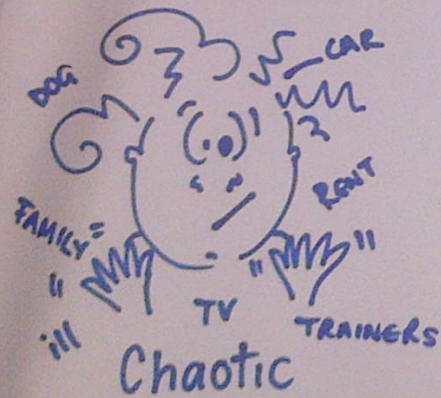
STRUCTURAL FACTORS

- Physical environment
- Rewards and incentives
- Systems and processes
- Economy and politics
- Time and money





Elusives



Nudging your way to reduced rent arrears



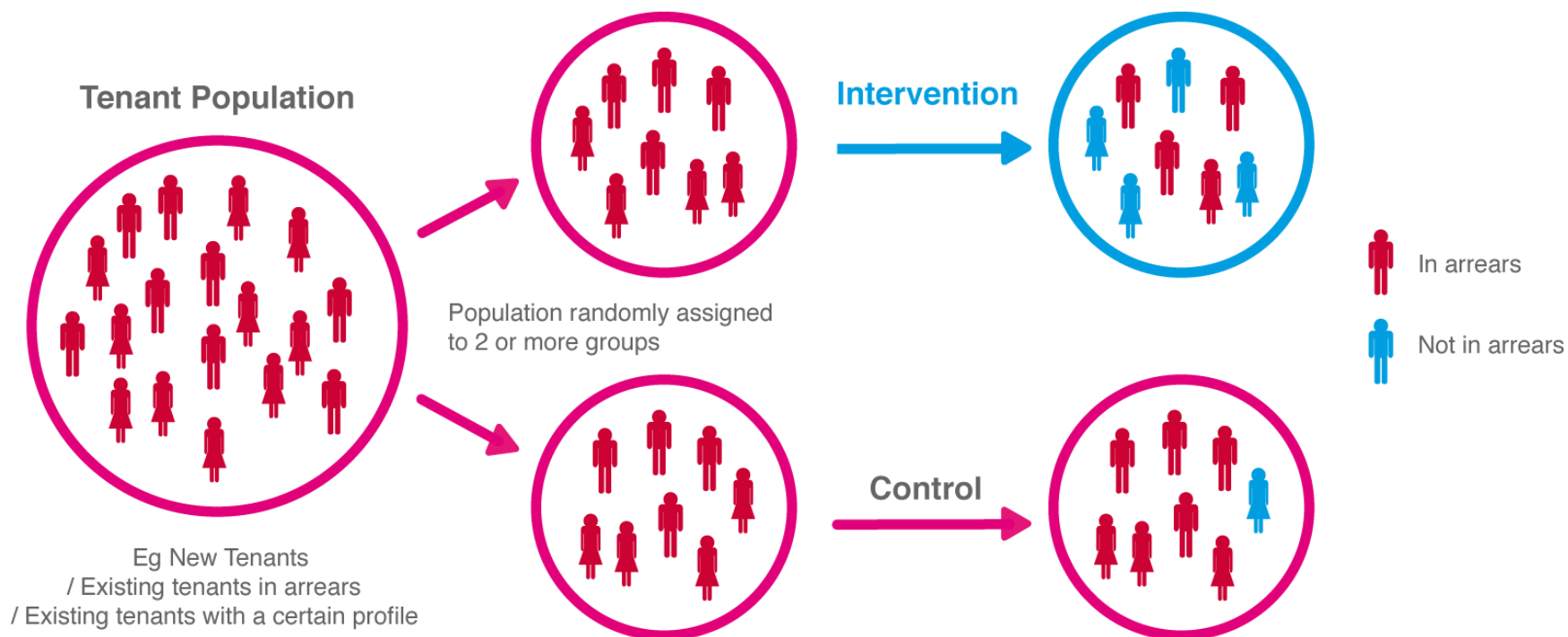
CAPITA

9 randomised controlled trials. What happens if we...

- Change the colour of our envelopes?
- Refer to residents as 'tenants', rather than 'customers'?
- Tell tenants in arrears how many people in their area have a clear account?
- Include a picture of the tenants home in their arrears letters?
- Get tenants to sign their payment arrangements
- Start thanking tenants for keeping / achieving a clear account?

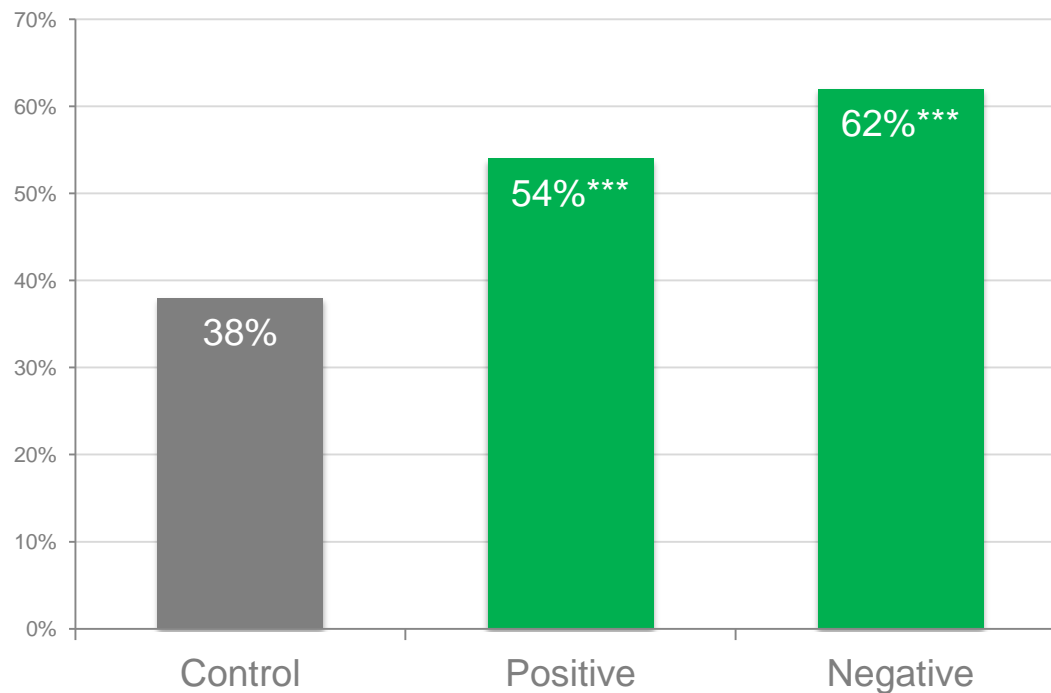
Radical Incrementalism

Rigorous Evaluation



Behavioural insights

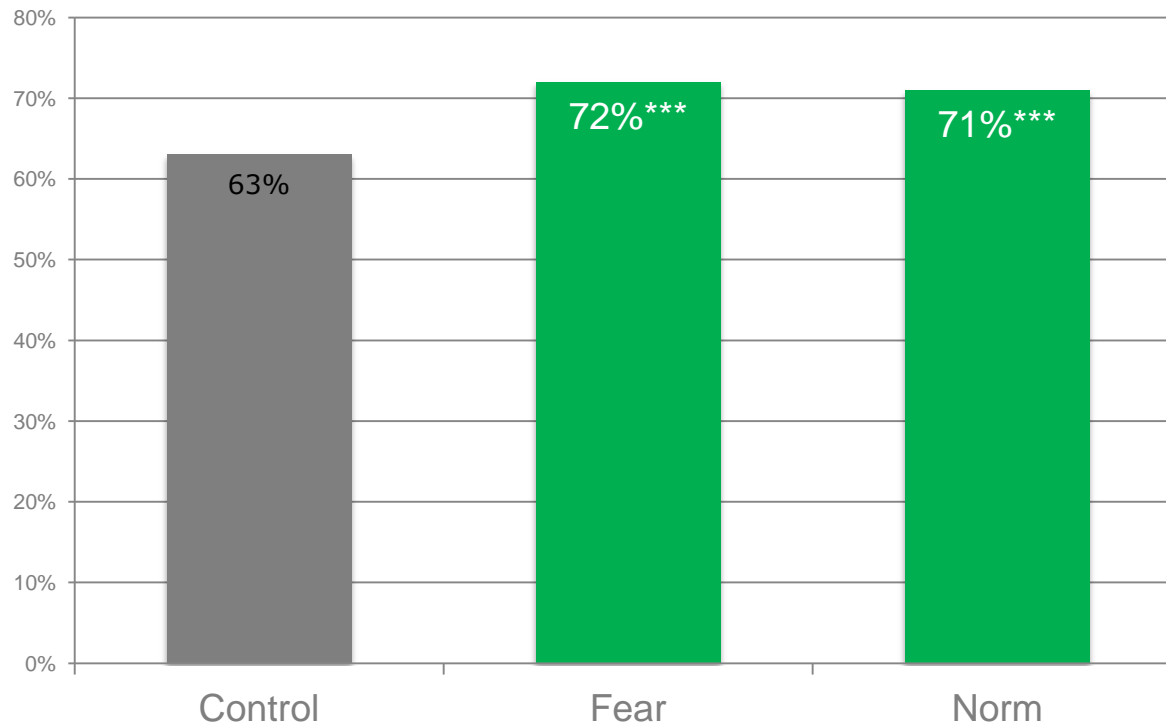
Proportion of tenants that made contact following intervention



Simplifying the layout of a letter using basic information design resulted **24% higher tenant engagement.**

Behavioural insights

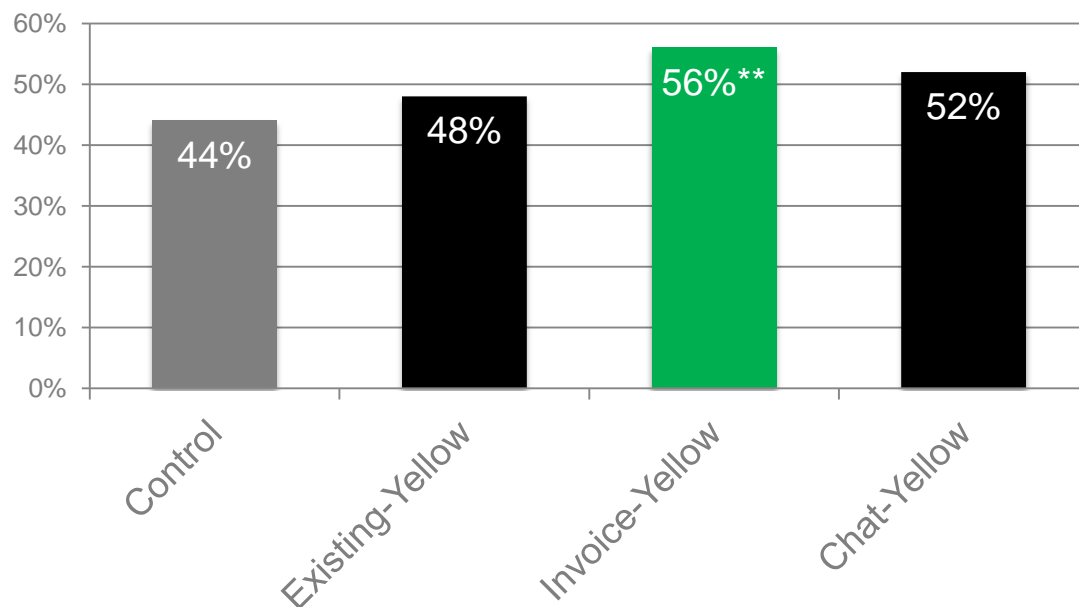
Proportion of tenants that made a payment:
entire trial



Including 1 extra message in arrears communications resulted in a **significant increase in payment rates.**

Behavioural Insights

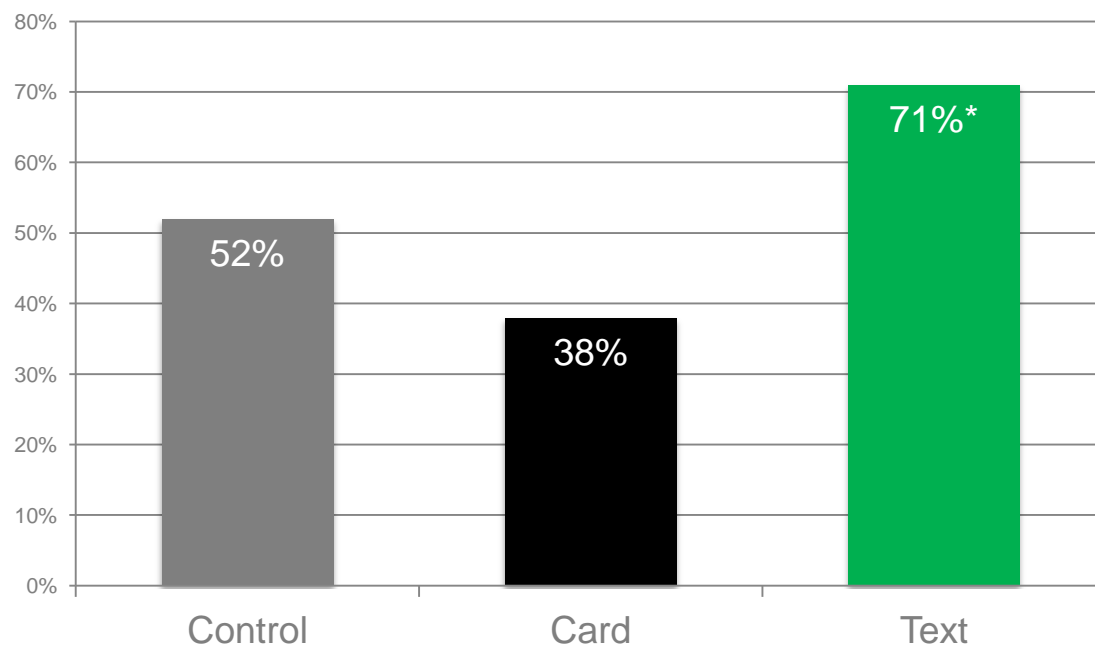
Proportion of tenants who made a payment:
entire trial



Reframing Letter 1
led to a **12%**
increase in
payments.

Behavioural Insights

Proportion of tenants who overpaid
against 'amount due'



Thank tenants for keeping up repayment agreements resulted in **71% of them further increasing the amount they paid to reduce their debt**

Behavioural Insights

Average payments per tenant within 7 days of intervention



Changes to an envelope **increased revenue by 46%**

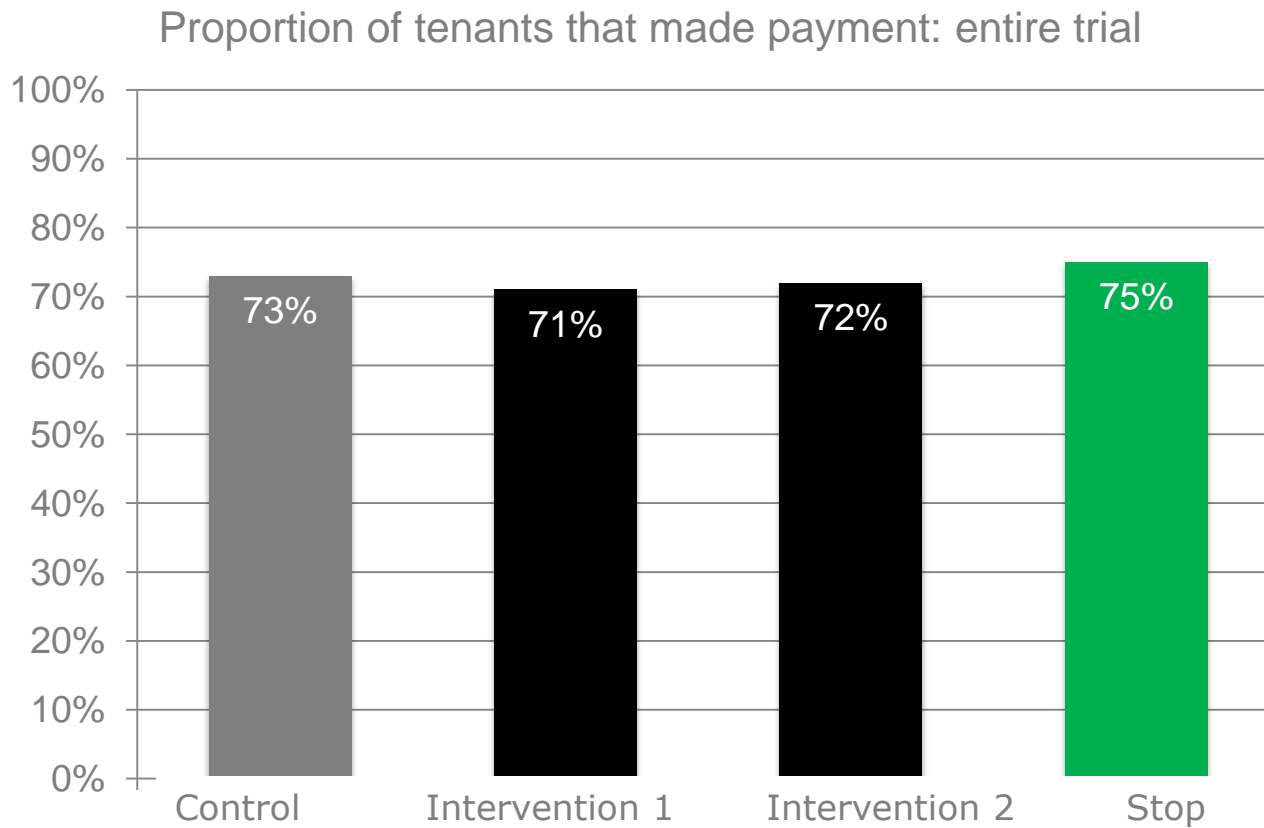
Behavioural Insights

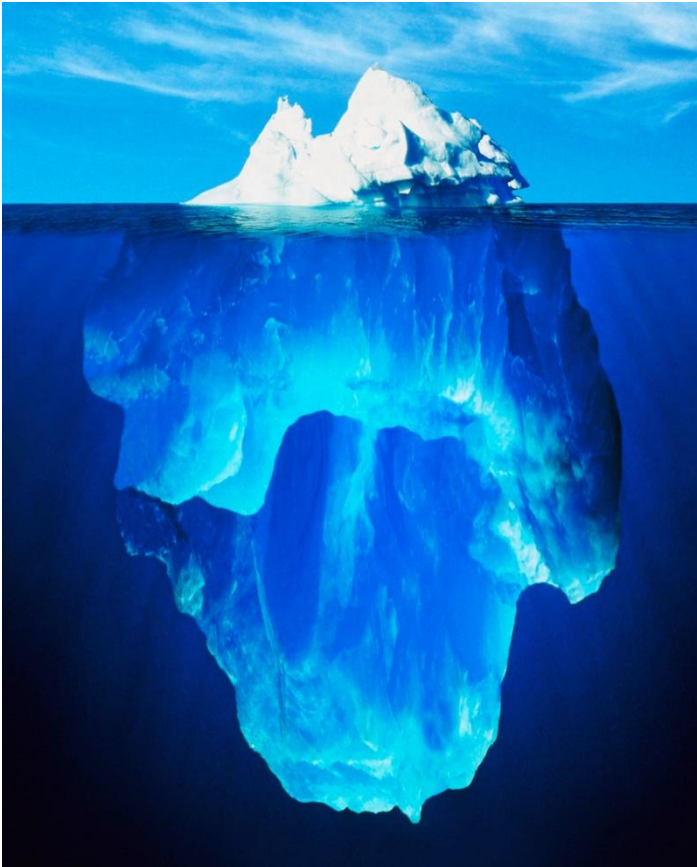
Proportion of tenants that made contact following intervention



Adding just 1 extra message to arrears comms resulted in **significantly less tenant engagement—the desired result for a channel-shift agenda.**

Behavioural Insights

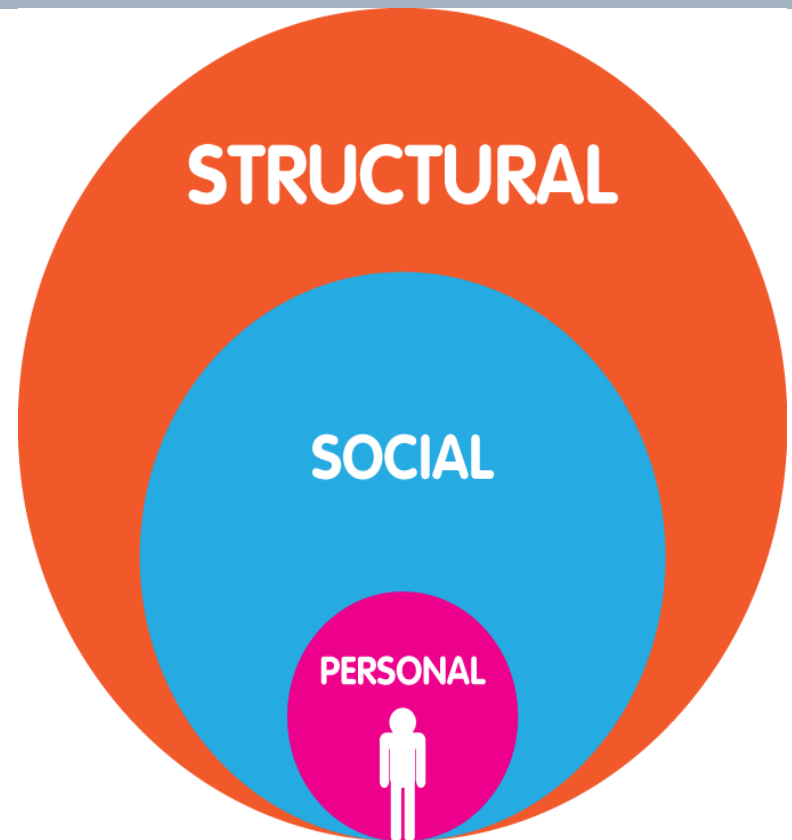
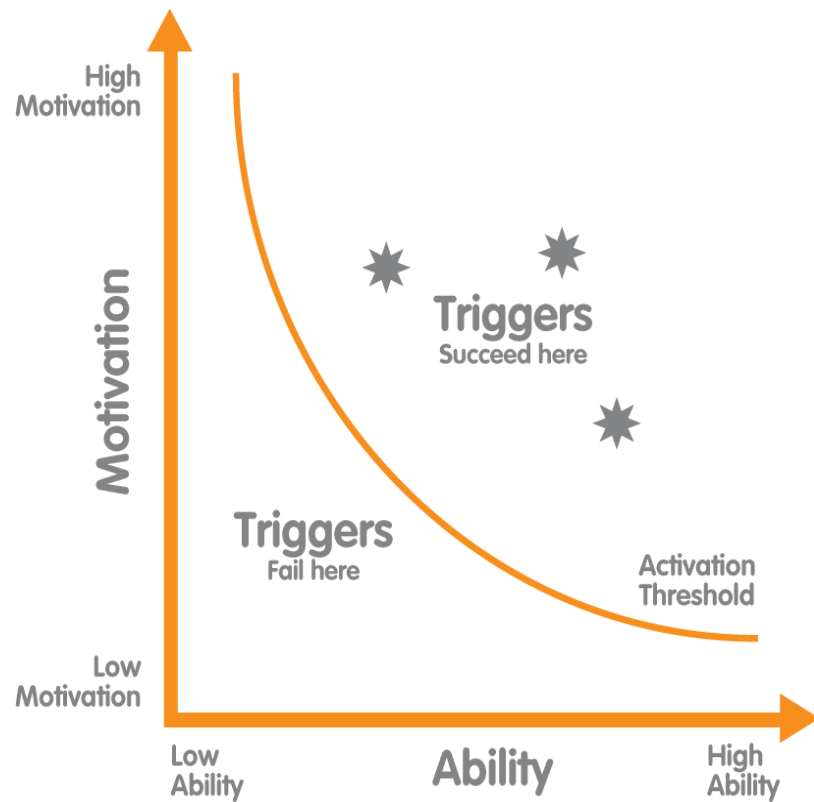




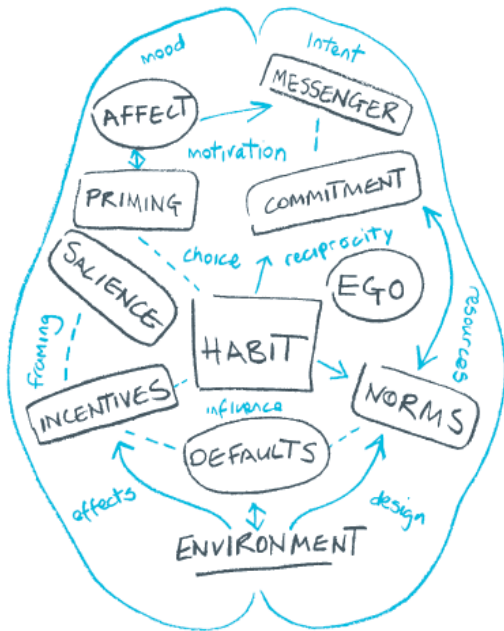
Small changes
and big impacts

Hard work

Triggering change



Have a go.....



"...approaches based on "changing contexts" - the environment within which we make decisions and respond to cues - have the potential to bring about significant changes in behaviour at relatively low cost."

MINDSPACE³

'MINDSPACE: Influencing behaviour through public policy' was published by the Institute for Government and the Cabinet Office in March 2010. It responds to many of the latest insights from behavioural economics and social psychology more generally.

Messenger
Incentives
Norms
Defaults
Salience
Priming
Affect
Commitments
Ego

We are heavily influenced by who communicates information.
Our responses to incentives are shaped by mental shortcuts
We tend to do what those around us are already doing.
We 'go with the flow' of pre-set options.
Our attention is drawn to what is novel and relevant to us.
Our acts are often influenced by sub-conscious cues.
Emotional associations can powerfully shape our actions.
We seek to be consistent with our public promises
We act in ways that make us feel better about ourselves.

<http://instituteforgovernment.org.uk>

3. Dolan et al, 2010.

Feedback on your ideas

Thank you

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