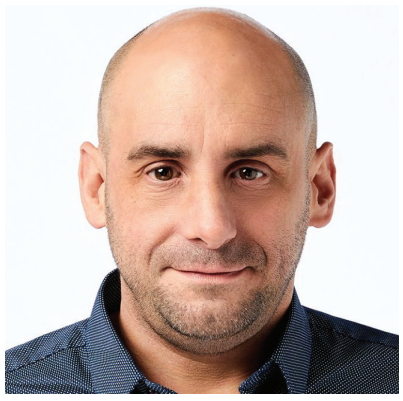
Higher costs of living requires digital flexibility from social housing associations



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Higher living costs are already a huge challenge for housing associations and their tenants, and the situation is potentially set to worsen. Research by the Joseph Rowntree Foundation shows how some low-income households are struggling under this pressure - 7.2 million are going without the basics, and 4.7 million are behind on their bills.[1]

The pressure now falls to housing associations to support their tenants. 73% of surveyed housing associations thought it likely that they will have to increase their wellbeing support for tenants in 2022.[2] That is in a context of increasing rent arrears and void losses in 2021.[3] Surveyed members of housing associations believe that bad debt is likely to grow by more than 10% from 2020 to 2022.[4]

86% of social housing lettings income is made up by social rents, alongside grants and service charges.[5] That's a lot of eggs in one basket. Social housing organisations must be nimble during this period of higher living costs, supporting tenants struggling with higher living costs while maintaining effective service provision.

Using cloud to bring down IT costs

Digital systems present significant opportunity for the social housing sector to be able to innovate. Many housing associations can still heavily rely on their legacy IT systems, some of which were built 40 years ago. On-premise servers often sit at the heart of these systems. Draining organisational resource to maintain, traditional on-premise servers are less carbon efficient, more at-risk from crippling cyber-attacks, and can lead to entities struggling to have the digital capabilities necessary in the 2020s.

These problems were ones which affected Flagship Group, which owns over 32,000 homes across the east of England for around 75,000 tenants. Their legacy system brought high costs, taking up valuable time to run and maintain, while raising the risk of major security flaws.

Not only did Flagship's legacy servers drain costs. They also impacted business operations. When the pandemic hit, Flagship's customer care team moved to work from home.

The company's legacy systems could not handle the change easily. With 25,000 calls per month, the call centre was a critical element of the wider business, ensuring that queries from customers can be answered quickly and effectively.

The company's legacy servers were impeding call centre employees from being able to work from home and, in turn, were impacting Flagship's ability to be a digitally nimble and resilient organisation. Flagship decided to transition to AWS to ensure that its digital capabilities met its organisational requirements.

> **"Through integrating cloud technology into the heart of operations, social housing associations can reduce costs – and also serve their tenants better."**

Midway through the cloud migration however, Flagship Group experienced a major cyber-attack on its traditional legacy datacentre which brought all systems down, including the call centre. Flagship was unable to respond to customers ongoing concerns and provide them with the support they needed.

In response, the group brought forward their plans to migrate the contact centre by a full year. In just 48 hours, Flagship Group had eight contact centres online. 65 agents were taking customer calls.

"At the time, Flagship was looking to cast off a legacy system of more than 150 servers that was costing time and money to maintain," says Paul Rogers, IT and systems director at Flagship Group. "Flagship chose to move our data into the cloud and use AWS to improve the reliability and availability of key systems and to save costs."

Now, Flagship has fully transitioned to AWS. The company only pays for the storage it uses, does not have to pour cost into maintenance, and can innovate its service delivery for tenants with greater agility and speed. Flagship is able to continue to provide best-in-class social housing solutions for its tenants through the backing of advanced digital infrastructure.

Driving innovation in social housing

Migration to cloud does not lead to just a trimmed IT budget. Cloud storage solutions offer social housing organisations a plethora of advanced services, compared to on-premises servers. Through massive economies of scale and a remarkable number of technologies, including artificial intelligence, machine learning, and data analytics; social landlords can be equipped with enhanced tools to manage tenant welfare and risks arising from vulnerabilities.

An example of this is the offering provided by Switchee, who run their entire IoT and analytics platform on the AWS cloud. This allows them to manage their smart thermostats at scale in the field and apply data science efficiently to proactively identify homes that require targeted support.

Jess Provost from Switchee explains: "Our analytics allow housing providers to be proactive - catching cases of resident fuel poverty early and looking beneath the surface to understand how factors such as insufficient insulation and poorly performing heating systems may be contributing to the challenges that residents face. As a result, landlords are able to tailor an effective support strategy to fit each home."

Switchee's two-way messaging, also powered by AWS, enables landlords to deliver support and advice straight to the home, tailored to each resident's needs. Using their AWS-powered analytic, they are also able to assess the risk of mould growth in homes, allowing landlords to prioritise the homes most at risk. This enables landlords to act quickly and proactively to protect resident health and wellbeing in a way that was simply not possible prior to the types of IoT service that AWS enables.

And there are still other ways in which digital technologies can make a huge difference to the services provided to tenants.

Rebecca (not her real name) is resident in Hampshire. She used to struggle with everyday tasks. Unable to walk, she had to have a carer come to her house to turn on her lights or put her TV on. She was highly dependent on others to be able to complete everyday tasks.

Hampshire County Council launched a scheme to better improve the quality of life for vulnerable adults like Rebecca.

The council placed smart speakers, powered by Amazon Alexa, in the homes of 50 vulnerable adults. Each speaker was programmed to support each person's daily routine, be that with reminders for medication, turning on the radio or television to combat social isolation, activating smart lights and thermometers, and more. 72% of vulnerable adults in Hampshire County reported that the system eased their daily routine.

For Rebecca, she was able to use the smart speaker to play the radio, control her lights, and turn her television on. Through the capabilities of an AI-powered digital solution, Rebecca was able to enjoy a new degree of independence.

Cloud technology can reduce IT spend by between 30% – 60%, compared to on-premises servers. But there's so much more they can offer. For social housing organisations, facing the complexities of reduced social rents and increased living costs, cloud services enable highly innovative services that ensure staff are agile in their responses to tenants' needs. Most importantly, it can ensure that tenants receive a tailored level of support from their housing association.

FOOTNOTES:

1 Joseph Rowntree Foundation, 'Going under and without: JRF's cost of living tracker, winter 2022/23', December 2022
2 RSM UK, 'What are housing associations expecting from the cost of living crunch and changes to UC?', March 2022
3 Regulator of Social Housing, UK Government, '2021 Global accounts of private registered providers', February 2022
4 Ibid
5 Department for Levelling Up, Housing & Communities, UK Government, 'Social housing lettings in England, tenancies: April 2021 to March 2022', June 2023