Customer Success

Use of guarantors helps UCLan collect 99.4% of rents before students vacate

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UCLan's savvy use of rent guarantors instead of deposits, as well as supplementing their own accommodation with private provider stock, is helping them to keep rents low, students happy and rent collection at close to 100%.

Sited in the centre of Preston, the University of Central Lancashire has enjoyed larger growth in recent times than any other university, rising from 4,000 students in 1992 to some 32,000 today, including 4,000 from overseas.

UCLan's Stuart Wilkinson, who manages their student accommodation, is a big fan of engaging with the students. *"Encouraging students with payment problems to talk to us, is central to our low default rate. Engaging with groups of students, has helped us to refine the application process and introduce useful innovations".*

One of those innovations, introduced in 2013, was the decision to stop asking for deposits and, instead, to ask for rent guarantors. It has proved highly successful both in terms of keeping administrative costs down (no TDS compliance to worry about) and

minimising default rates. Stuart says the 99.4% rent collection achieved before the students left last academic year was relatively poor, for them, and is confident that post-departure collections will bring the total to very nearly 100%. Even more impressively, UCLan has never had to test their guarantor contract in court. So how does it work?

UCLan has a long-standing commitment to maximising accessibilty of all kinds. It is one of only two UK universities to have an in-house student mental health team.

All UCLan students complete their contract online, providing contact details for a guarantor. Room Service emails the guarantor an invitation to review and sign their agreement to act as a guarantor. This is also done online, immediately updating UCLan's records with an electronic signature.

When a student defaults, a member of the UCLan accommodation team contacts the individual, asking what the problem is and reminding him or her that their guarantor will be approached for payment if none is forthcoming very soon. *"That always gets them talking to us,"* says Stuart *"and it's rare that we can't then sort things out".*

Goodwill pays

It is possible that one of the reasons that UCLan is so often able to *"sort things out"* is that they enjoy a particularly high level of goodwill with their students. Easy application processes, tangible efforts to eliminate barriers to access and good quality accommodation all help in this regard. It must also help that students know they are getting a good deal. Rents have not been increased since 2010, costs having been kept down by efficient management, good procurement – and successful contracts with private providers.

Preston is over-supplied with student accommodation at the moment and most private providers have voids of between 30% and 40%. UCLan has used contracts with private providers to add flexibility to its in-house estate, annually adding or reducing the approximately 2,000 rooms it manages, as demand requires. It helps too that, as its own estate makes it the largest landlord in town by far, UCLan effectively sets the market rate.

Ongoing engagement

In the short-term at least, UCLan does not envisage any dramatic changes to its accommodation application and management processes, but will continue ongoing refinement through consultation with the students. *"Everyone wins,"* says Stuart, *"the students like telling us what they want. The more we give it to them, the easier our lives are".*