

Report to Cabinet

12 January 2022

Subject:	Mobysoft Limited- RentSense Software Contract
Cabinet Member:	Cabinet Member for Housing Cllr. Zahoor Ahmed
Director:	Director of Housing Gillian Douglas
Key Decision:	Yes Above the £250,000.00 threshold
Contact Officer:	Service Manager – Housing Management Nigel Collumbell nigel_collumbell@sandwell.gov.uk

1 Recommendations



- 1.1 That the Director – Housing be authorised to enter into a direct award contract via Crown Commercial Services G-Cloud Framework Agreement with Mobysoft Limited for RentSense software for a period of two years with the option to extend for a further two years when the existing contract expires on 23 February 2022 given no further extension provision exists within the current contract, at a total cost of £905,356, should the two year option to extend be exercised.
- 1.2 That subject to the approval of 1.1 the Director of Housing be authorised to enter into a new two-year contract with the option to extend for a further two years with Mobysoft Limited from 24 February 2022 to 23 February 2026.
- 1.3 To authorise the Director – Law and Governance and Monitoring Officer to execute any documentation necessary to enable the course of action referred to in 1.1 above.
- 1.4 That any necessary exemptions be made to the Council's Procurement and Contract procedure Rules to enable the course of action referred to in 1.1 and 1.2 above to proceed.



2 Reasons for Recommendations

- 2.1 Mobysoft's RentSense product will enable the service to deliver an efficient and effective arrears recovery process that maximises cash collection, prevents tenants from getting into debt, supports tenancy sustainment and reduces homelessness.
- 2.2 The value and return on investment have clearly been demonstrated during the existing contract term in delivering greater caseload accuracy, a more manageable caseload enabling officers to focus on tenants most in need, reduced arrears, fewer tenants in debt, fewer evictions and in supporting tenant wellbeing and tenancy sustainment.

3 How does this deliver objectives of the Corporate Plan?

	<p>People live well and age well</p> <p>Effective and efficient arrears monitoring processes will enable the early identification of tenants who are vulnerable and or struggling financially allowing the appropriate support and advice to be provided at the start of difficulties reducing the impact that debt has on tenants' health and wellbeing.</p>
	<p>Quality homes in thriving neighbourhoods</p> <p>The ability to efficiently monitor and recover outstanding rent arrears, ensures that the Income and Money Advice Service maximises income collection, reduces bad debt and ensures that the Council's future house building programme can be met.</p>

4 Context and Key Issues

Background

- 4.1 On 5 February 2020 Cabinet approved the exemption to enter into a two-year contract with Mobysoft Limited for a new rent arrears ICT software product – RentSense as a direct award call off from Crown Commercial Services G-Cloud framework agreement. The cost of the contract was £408,442, which was met from existing budgets and is due to expire on 23 February 2022.



- 4.2 RentSense was deployed due to the historical inefficiencies of Capita's Open Housing Arrears Module which presented increasing risks to the Council as the service was unable to maximise rent collection.
- 4.3 RentSense is a series of complex algorithms that analyse a tenant's payment history which is coupled with predictive analytical technology that projects the risk and predicts which customers will pay and which will not.
- 4.4 RentSense enables officers to efficiently identify cases that require intervention including cases before they fall into arrears, allowing for proactive preventative work.

Outcomes – Impact on Arrears/Capacity/Performance Management

- 4.5 Since going live with RentSense on 19 June 2020, the service has achieved the following:
- £125k rent arrears reduction at year end 2020/21. In June 2020 projections indicated that rent arrears were expected to increase by £1m by 31 March 2021
 - £430,545 arrears reduction for the period June 2020 to October 2021
 - 13% reduction in average arrears value per universal credit (UC) case
 - 37% reduction in average arrears value per non-UC cases
 - 18% reduction in arrears amongst Introductory Tenancies
 - Reduced caseloads, which allows officers quality time to support our most vulnerable tenants and effectively respond to complex needs cases
- 4.6 The capacity and efficiencies realised from implementing RentSense enabled the creation of the Tenancy Smart Team (TST). Since implementation in January 2021 the TST have achieved the following:
- 241 tenancy smart assessments completed facilitating early identification of tenants at risk of tenancy failure as a result of financial pressures, enabling the team to put in place measures to mitigate the risk and support tenancy sustainment
 - 183 referrals for employment, financial budgeting and wellbeing support to a number of partner agencies including but not limited to: - Citizens Advice Sandwell, StepChange, Kaleidoscope,



Healthy Minds, Sandwell Consortium, SWEDA, Building Bridges, Black Country Click Start, Brushstrokes and Welfare Rights

- 80% of tenants assisted to address fuel poverty have lower rent arrears than at point of referral
- 79% of tenants provided with financial advice/support have lower arrears than at point of referral
- 71% of tenants provided with wellbeing support have lower arrears than at point of referral

4.7 Mobysoft also provides a comprehensive suite of performance reports and tools which assists with service delivery, service reviews, learning and development and performance management.

Return on Investment

4.8 Mobysoft predicted that RentSense would deliver a total benefit realisation of £698,498 within the first year. The return on investment to date is £825,262, this includes:

- Total arrears reduction since go live date of June 2020 £430,545.44
- Tenancy Smart Team created to undertake financial inclusion/prevention work. To undertake this additional work the service area would have had to recruit a 1.25 full time equivalent post at a cost of £48,136
- Capacity gain within the team realised through an average reduction in cases of 7800 per week. This is comparable to the capacity that would be created by recruiting 9 full time equivalent officers to manage the cases at a cost of £346,581.

New Contract Proposal

4.9 The annual cost of the new contract will be £226,339 and Mobysoft Limited have agreed to remove the 3% uplift clause allowed for in the existing contract. The removal of the annual uplift fixes the costs at £226,339 per annum for each subsequent year during the contract, saving a significant sum over the four-year term.



- 4.10 A variation to the existing contract was made during August 2021 which allowed for a trial period of Mobysoft's additional non-standard functionality - daily processing. A number of benefits have been realised from daily processing that have included more capacity gain and a further reduction in caseload. This additional and beneficial functionality is reflected in the increased annual cost as cited at 4.9 above.
- 4.11 In addition to fixing the annual costs for the four years, Mobysoft are also offering:
- Continued Director consultancy support, free of charge, valued at c.£20k
 - Provision of a proof of concept analysis exercise on automation capabilities, enabling specifically categorised vulnerabilities to be recognised and automatically moved to an officer intervention stage, valued at c.£15k
 - Provision of FTA manager (former tenant arrears monitoring solution) free of charge for 6 months with no set up fee applied (value undetermined until software deployed)

5 Alternative Options

- 5.1 An options appraisal has been completed to determine the recommendation for consideration. The options appraisal focused on the key priorities for the collection of Social Housing rent arrears and measured these against the projected outcomes.

Option 1 – Use Capita's Open Housing Management System

- 5.2 Since 2013 Capita have failed to resolve the inefficiencies in the rent arrears recovery module and there is no guarantee moving forward that any future version upgrade will deliver on the functionality required to reduce arrears, increase cash collection and manage the escalating demands of universal credit.

Option 2 – Procure a new Housing Management System



- 5.3 The current contract with Capita expires March 2023 and approval is being sought to commence a system review. The end to end process to review, procure and implement a new housing management system should this be the decision taken would not be completed until approximately 2025.

The implementation would require significant full-time resources to support the migration to a new system, additional capital costs and would involve an intensive change programme including data cleansing, data migration, extensive testing and training and there is no evidence to support that any new supplier relationship would be better (or worse) than Capita in delivering an efficient and effective income collection service.

Option 3 – Enter into a new contract with Mobyssoft Limited

- 5.4 This would not require any additional resources and Mobyssoft have delivered on the projected outcomes which included a reduced arrears caseload, capacity gain enabling officers to focus on complex arrears cases and mitigate the impact of universal credit, increased cash collection and a reduction in arrears.
- 5.5 Based on the options appraisal the recommendation is to enter into a new contract with Mobyssoft Limited to deploy their RentSense product as there is no other proven product capable of delivering what RentSense does.
- 5.6 If approval is not granted the Council will be at risk of not maximising rental income into the Housing Revenue Account which could have implications on the Council's ability to provide quality services such as, repairs, voids, tenancy management and allocation services and on future investment in new build properties. This could further impact service provision as:
- The service to tenants will be negatively impacted if the Council is unable to manage income collection effectively
 - Poverty levels amongst tenants will increase leading to a negative impact on health and wellbeing



- The impact of universal credit will result in arrears levels increasing to such a degree that the Housing Revenue Account business viability will be at risk
- There will be greater pressure placed on statutory services such as Children's Services and Homelessness
- The increasing demand may have a negative impact on workforce wellbeing

6 Implications

Resources:	<p>The total cost of the contract is £905,356 which is broken down as £226,339 per annum as noted in item 4.9. The cost of the contract can be met from existing resources within the Housing Revenue Account.</p> <p>There are no anticipated human resource implications for the Council arising from this contract.</p> <p>There are no implications for the Council's material assets.</p>
Legal and Governance:	<p>The Homelessness Reduction Act 2017 places additional duties on Local Authorities to prevent homelessness. The provision of effective and efficient arrears monitoring processes will ensure the Income and Money Advice Service is able to prioritise preventative arrears work which will contribute to tenancy sustainment and reduce homelessness.</p> <p>The Ministry of Justice Pre-Action Protocol for Possession Claims by Social Landlords, places specific legal obligations on social landlords to avoid litigation including the requirement to contact tenants as soon as they fall into arrears and to provide the relevant advice and support to sustain their tenancy. The early identification of tenants in arrears or likely to fall into arrears will enable the service to contact tenants at the earliest opportunity to ensure that rent is paid, and any difficulties are resolved preventing court proceedings.</p>



	<p>An exemption to the Council's procurement and contract rules is being sought as there is no other third-party supplier able to provide a comparable specialist software product to that of Mobyssoft's RentSense for the results required by Social Housing Landlords, and a call-off from Crown Commercial Services G-Cloud framework agreement is in compliance with the Public Contract Regulations 2015.</p> <p>The Corporate Procurement Service Manager is satisfied with the course of action being proposed and Cabinet authority being sought given that an exemption to Procurement and Contract Procedure Rules is needed to enter into a new contract of the value proposed.</p>
Risk:	<p>The Corporate Risk Management Strategy has been complied with to identify and assess the risks associated with the decision being sought. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. The assessment has identified there are no current 'red' risks that need to be reported.</p> <p>The Housing Directorate Risk Register currently includes an amber risk for housing rental income- the contract with Mobyssoft Limited is cited as a control measure to mitigate the risks involved in collection of rent arrears. The recommendations if approved, will assist in the continued mitigation of this risk.</p> <p>The RentSense product supplied by Mobyssoft Limited is fully compliant with the requirements of the General Data Protection Regulations 2018, and the service area is currently working with Law and Governance to ensure the DPIA is updated to reflect the new contractual arrangements.</p>
Equality:	<p>There are no equality issues arising from this report.</p>



	An equality impact assessment is not required for this decision as there is no material change to the Mobysoft contract or service delivery.
Health and Wellbeing:	<p>A robust and intelligent ICT rent arrears product is key in delivering an efficient Income and Money Advice Service. Effective service delivery will support health and wellbeing outcomes, particularly in areas such as financial/social inclusion and debt management.</p> <p>The early identification of tenants in financial difficulties or with complex needs enable the service to refer to relevant support/advice agencies, addressing some of the impact of poverty and improving the health and wellbeing of tenants.</p>
Social Value	Mobysoft Limited have offered to annually donate to a charity of the Council's choice. It is proposed that such donations are linked to mitigating risks of poverty or social deprivation in the Borough.

7. Appendices

7.1 None

8. Background Papers

Cabinet Report - Mobysoft Limited RentSense February 2020

