

Individual cabinet member decision

Purchase of Mobysoft Rentsense (HRA reserve funded)
1st August 2022

Report of Head of Housing

PURPOSE OF REPORT				
The report seeks approval to access the HRA ICT Support Reserve to purchase bespoke rent arrears prevention/collection software in response to cost of living crisis.				
Key Decision		Non-Key Decision	X	Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public				

RECOMMENDATIONS:

- (1) That approval be given for the housing service to utilise the ICT and Systems Improvement Reserve within the HRA to purchase the Rentsense product from Mobysoft at a cost of £47K. Any subsequent renewals of the licence will be subject to further review and considered as part of the 2023/24 budget setting process.
 - (2) That the balance (£39K) of the Housing Office Equipment Reserve be transferred to the ICT and Systems Improvement Reserve.
 - (3) That the discontinuation of the Housing Office Equipment Reserve be referred to Council as part of the 2023/24 budget setting process.
- 1.1 In the context of the current cost of living crisis the council housing team are well placed to support tenants in managing their financial circumstances: with advice and support; benefit maximisation; energy support; signposting to additional services; furniture packages; and in managing their rent accounts to support them in maintaining a sustainable tenancy and settled home.
- 1.2 The Income Management Team are responsible for managing rent accounts and other financial inclusion activities within the housing team, and over recent years have developed into a sector leading and award winning performer in this area: achieving Housing Quality Network Accreditation; presenting at sector conferences and seminars; and winning Service Team of the Year at the 2021

APSE awards nationally. This track record makes the team well placed to deliver the benefits of the Mobyssoft Rentsense product, to really maximise the benefits to both tenants and to the internal business planning process.

- 1.3 Mobyssoft are the clear market leader in delivering intelligent analytics in the management of social housing tenant rent accounts. Their system applies intelligent analysis to rent accounting to streamline case management and realise genuine efficiencies, and uses predictive intelligence to direct future resource needs. With a team of five Income Management Officers currently managing over 3,600 council tenancies current high performance is being achieved using outdated systems. Rentsense presents a compelling case that sector leading performance and efficiency can be reached by building on the team's current position.
- 1.4 Research suggests that Mobyssoft are the only provider offering this software as a standalone product. By wrapping around current system databases the implementation of Rentsense is straightforward. The systems team within the Housing Service anticipate no more than half a day of internal resource to achieve this.
- 1.5 Mobyssoft have developed their Lancaster business case using real, anonymised Lancaster tenancy data, and in discussion with the Income Manager and the Housing Systems Manager. It is predicted that £38K in additional rent arrears can be collected within year 1 of the new system. This is a 15% improvement on current performance and would elevate the team from top quartile performers to sector leading. In addition, efficiency gains are estimated to achieve 1.76FTE officer capacity to be freed up, to focus on areas within the Income Management Service which currently require extra resource: namely former tenant arrears and sundry debts (rechargeable repairs). The benefits to tenants of such improvements are clear: the promotion of more stable, sustainable tenancies and homes.
- 1.6 The cost of Rentsense is £47K in year 1 (with a net gain in income and resources of £57,500) and would be funded from the ICT and Systems Improvement Reserve within the Housing Revenue Account.
- 1.7 Due to hybrid working, the Housing Office Equipment Reserve is no longer required. It is requested to transfer the £39K balance to the ICT and Systems Improvement Reserve and the dissolution of the Reserve be referred to Council.
- 1.8 A break clause has already been negotiated with Mobyssoft after 1 year of a two-year contact, which minimises the risk of this investment. Any proposal for a second year of the contract will be requested through the normal HRA

budgeting process. In addition, a 12 month free trial of their former tenant arrears module has also been agreed.

2.0 Details of Consultation

- 2.1 Consultation has not been required – this is an internal software solution aimed at improving performance, productivity and efficiency.

3.0 Options and Options Analysis (including risk assessment)

	Option 1: Purchase and implement Mobysoft Rentsense for an initial year with an initial outlay of £47K (reserve funded through the HRA).	Option 2: Do not purchase and implement Mobysoft Rentsense.
Advantages	Potential to achieve sector leading performance in rent arrears collection, supporting council tenants in navigating the cost of living crisis by promoting stable and sustainable tenancies and homes, and freeing up the Income Management Team to deliver added value elsewhere in the service (additional debt management and collection, and promotion of tenancy sustainment).	No cost (though also no potential to achieve net gains)
Disadvantages	Cost involved (though in the context of an estimated net gain)	The housing team would not be maximising their response to, and support for tenants through, the current cost of living crisis.
Risks	That gains described in the business case are not realised.	That current tenant arrears levels increase as the team are required to manage tenancies inefficiently in the context of increased financial challenges across the sector.

4.0 Officer Preferred Option (and comments)

The preferred option is Option 1.

5.0 Conclusion

- 5.1 There is a risk in implementing the Mobysoft product, in not realising the benefits spelled out in the business case, but the Income Management Team

are well managed, highly skilled, and have a proven track record of delivering performance improvement, having reduced current rent arrears from over £500K early after the launch of Universal Credit in 2016/17, to £96K at year end 2021/22.

- 5.2 The benefits to both tenants and HRA accounts should the business case be realised are clear.

RELATIONSHIP TO POLICY FRAMEWORK

Mobysoft Rentsense would assist the Housing Service in delivering service objectives around the promotion of tenancy sustainment, and links in with the Financial Inclusion strategy (currently in draft form).

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

Implementation of Mobysoft Rentsense would have no known negative consequences for specific groups.

LEGAL IMPLICATIONS

Legal Services has reviewed the contract and confirms it is in an acceptable form and contains no unusual or unduly onerous terms. The form of contract itself is a Crown Commercial Services Call Off contract which is particularly suited for use by public bodies and includes a 12 month break clause for the benefit of the Council.

FINANCIAL IMPLICATIONS

The balance of the ICT and Systems Improvement Reserve is currently £578,010. Should this purchase go ahead at a cost of £47,000 and the balance of the Housing Office Equipment Reserve being transferred, then the residual balance will be £570,019.

The request to dissolve the Housing Office Equipment Reserve is a matter for Council to decide and will be part of the future HRA budget setting report.

Any efficiencies gained from implementing the software will in the short-term be prioritised in other areas within the Service which require additional resource. However, this will be subject to further review and reported as appropriate.

OTHER RESOURCE IMPLICATIONS

Human Resources:

There are no Human Resource implications arising from this report.

Information Services:

There are no Information Services implications arising from this report.

Property:

There are no Property implications arising from this report.

Open Spaces:

There are no Open Spaces implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comment to add.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comment to add

BACKGROUND PAPERS

Mobysoft Reserves Application
Mobysoft Waiver Request Form
Lancaster City Council Report

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