

## ITEM No ...2.....

**REPORT TO:** POLICY AND RESOURCES COMMITTEE – 27 SEPTEMBER 2021  
**REPORT ON:** RENT ARREARS, MOBYSOFT – RENTSENSE SOFTWARE  
**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES  
**REPORT NO:** 232-2021

### 1.0 PURPOSE OF REPORT

1.1 To seek approval to enter into a two year contract with Mobyssoft integrating its RentSense IT software product into the Council's housing management system and rent arrears recovery process.

### 2.0 RECOMMENDATIONS

2.1 It is recommended that the Policy and Resources Committee: -

- i. Agree to enter into a two year contract with Mobyssoft RentSense.
- ii. Remit the Head of Customer Services & IT to purchase Mobyssoft RentSense software to be compliantly procured through an appropriate framework.

### 3.0 FINANCIAL IMPLICATIONS

3.1 The cost to purchase RentSense including implementation, performance reporting, staff training is: Year 1 - £123,461 and Year 2 - £101,197 to be funded from the Housing Revenue Account (Revenue Account).

3.2 Staffing costs to support the deployment of the products to be met from existing Customer Services and IT staffing budgets.

### 4.0 BACKGROUND

4.1 Social landlords across Scotland are increasingly recognising the need to build resilience within rent collection to mitigate the impacts of challenging external factors, such as Universal Credit and now Covid-19.

4.2 A fit for purpose arrears monitoring system is fundamental to reducing rent arrears, increasing collection rates and creating capacity to support our most complex and vulnerable tenants, sustaining tenancies and preventing homelessness.

4.3 The Council faces an ongoing pressure to maximise rental income whilst preventing evictions and homelessness. Officers follow detailed collection and arrears monitoring procedures, however we continue to face new and escalating arrears cases.

4.4 In addition to "normal" reasons for delays in payment and non-payment of rental charges, we are now faced with the impact of Covid-19. This pandemic is unprecedented and the full impact on households and the economy is unknown.

4.5 In recognition of the impact of Covid-19 staff are taking a sensitive and supportive approach to arrears monitoring. The priority is to ensure families incomes are maximised and the most vulnerable are protected.

### 5.0 CURRENT POSITION

5.1 Dundee has an annual rent debit of approximately £54 million (12,001 tenancies), £25 million (55%) was paid for by Housing Benefit in the period 2020/21. As at 31 March 21 there were 5,447 (45%) tenants in receipt of housing benefit of these 3,074 (26%) will transfer onto Universal Credit (UC) by 2024 and be responsible for paying their rent. Since the introduction of UC in November 2017 there has been a substantial increase in rent arrears. It is anticipated

once these 3,074 tenants also move to UC, this will further increase rent arrears and impact on workload which is not sustainable long term if current arrangements continue.

- 5.2 Current tenant arrears have increased from £3,154,607 at 31 March 2021 to £3,565,637 at 31 August 2021. This equates to 5845 households of which 3822 have a balance of under £500, 1837 with balance between £1,000 - £3,000 and 186 with a balance over £3000.
- 5.3 The Council takes a proactive approach to working with tenants to prevent a build up of rent arrears and reduce the risk of homelessness. In 2020/21, £450K was made available from the HRA to the LA Tenant Hardship Fund to support tenants with rent arrears and facing eviction, this fund was fully utilised.
- 5.4 Scottish Government have also made available one-off funding in 21/22 to support private and social rented tenants who have incurred rent arrears as a direct result of the Covid-19 pandemic. The fund will enable local authorities to respond in a discretionary and flexible way in order to assist tenants struggling with rent arrears who are at risk of homelessness as quickly, and efficiently as possible.
- 5.5 As funding from the Housing Revenue Account (HRA) is primarily from council rents, the inability of tenants to pay their rent places significant pressure on the healthiness of the HRA.

## **6.0 MAIN TEXT**

### MOBYSOFT – RENTSENSE

- 6.1 Rentsense provides a unique social housing intelligence software application to assist landlords protect and maximise revenues, mitigate welfare reform and embed efficiencies.
- 6.2 Rentsense achieves this by using a series of complex algorithms which analyse tenants' transactional history, coupled with a predictive analytical application that predicts which tenants will and will not pay their rent.
- 6.3 Rentsense is a cloud based solution offering maximum flexibility and minimum constraints, can be accessed from anywhere and promotes the benefits of agile working.
- 6.4 Rentsense has a proven track record and works with several Scottish Local Authorities including Perth & Kinross & Fife Councils both of whom have recommended RentSense.

## **7.0 BUSINESS VALUE ASSESSMENT**

- 7.1 A prerequisite for engagement with Mobyssoft is undergoing a Business Value Assessment (BVA) This is a process by which social landlords can formally verify the extent to which RentSense will add value within the organisation.
- 7.2 Mobyssoft met with Recovery Officers and Managers to discuss how they currently monitor payments and arrears. High workload was a consistent theme from staff, with caseloads not always being completed, meaning tenants in arrears particularly with low level arrears where the yield is potentially higher are not always being contacted. This is putting early intervention and prevention activity at risk.
- 7.3 Mobyssoft also met with IT staff to discuss the links required with Civica and general IT requirements of the package. These staff confirmed they have no concerns with the required links.
- 7.4 Mobyssoft carried out a BVA with Dundee, the key themes and findings are as follows:
  - High workload was a consistent theme with officers testifying caseloads often going incomplete. This results in arrears, particularly at lower levels where the yield is potentially higher, not being contacted or at least as early as they could be. This is putting early intervention activity at risk – more tenants indebted, risk to tenancy sustainment.

- Inefficiency – there is a significant amount of time being spent on admin and non-value activities before an arrears call is made.

The business case efficiencies identified for Dundee following the BVA are as follows:

- 15.8% current tenant arrears reduction –
- Capacity release - 3 full time equivalent (FTE) staff members
- Universal Credit mitigation 1.8 FTE, based on 3.6 additional FTE required to mitigate full universal credit migration.
- Year 1 total economic benefits £683,367

## **8.0 POLICY IMPLICATIONS**

- 8.1 This report has been subject to an assessment of any impacts on Equality & Diversity, Fairness & Poverty, Environment and Corporate Risk. A copy of the Integrated Impact Assessment is available on the Council's website at [www.dundee.gov.uk/ija](http://www.dundee.gov.uk/ija).

## **9.0 CONSULTATIONS**

- 9.1 The Council Management Team were consulted in the preparation of this report.

## **10.0 BACKGROUND PAPERS**

- 10.1 None

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**3 September 2021**

