



RentTest Report & RentSense Proposal

November 2020

Executive Summary

'The overall aim of the Income Recovery Strategy comprises a focus on prevention, allowing us to maximise rent collection, minimise tenant debt and enable tenants to maintain their tenancy wherever possible. We are committed to keeping outstanding current and former rent arrears to a minimum through a combination of preventative and remedial actions executed in a firm but fair manner'

Epping Forest District Council Income Recovery Strategy - 2020

Current Situation

Epping Forest District Council, in common with many social landlords, is coming under increasing pressure from Welfare Reform and Universal Credit. These factors are having a negative impact on rent collection. A data test has been undertaken with Mobysoft, benchmarking Epping Forest's data and performance against over 160 other social landlords to analyse trends that may be contributing to stagnant collection rates.

Challenges

Current tenant rent arrears now stand at approximately £627,000. Universal Credit has been a significant challenge, making it increasingly difficult for officers to reduce arrears. This report highlights that arrears will increase unless changes are implemented to accurately reduce officer caseload.

Validation

Included within this report is:

- An analysis of Epping Forest's arrears caseload, analysed through the RentSense system and benchmarked against data for more than 160 other social landlords
- Case studies released in 2020 with Your Homes Newcastle, South Lakes and Gloucester City
- Detail around recent arrears reductions achieved with the likes of Rotherham and Enfield
- An independent analysis benchmarking the RentSense impact across social housing, undertaken by QuantSpark, a distinguished data science company

High Level Summary

The information within this report supports the recommendation for Epping Forest to introduce the RentSense solution to improve rent collection performance and mitigate the impact of welfare reform & UC roll out. Key information within the document highlights:

- Caseload is inaccurate, and resulting in significant staff time being currently wasted. The data within this report evidences that **3.76 FTE** capacity gains can be achieved by eliminating waste-work
- Arrears are continuing to increase, particularly as a result of continued UC roll out. The data within this report, also evidenced by third-party data scientists 'QuantSpark', suggests a potential **£96,058** first year arrears reduction can be achieved
- There has been a significant impact on rent arrears since March 2020 and it is anticipated that following the end of the furlough process there is likely to be a significant increase in UC cases, officer workload and tenants requiring support. The data suggests that elimination of waste work and more enhanced caseload prioritisation can mitigate a UC arrears increase of approx. **£195,062**

Providing accurate prioritised caseload for the income team means that the right support can be provided to the right tenants at the right time. This has a fundamental impact on rent collection, tenancy sustainment and customer satisfaction. The income recovery strategy highlights that **'the Council will provide for an efficient and effective income recovery service in order to meet its objectives to create stronger communities, stronger place and a stronger council'**. This report highlights the opportunity for Epping Forest to maximise efficiency and effectiveness of the service to help contribute to the strategic corporate objectives.

Some recent examples of organisations adopting these efficient measures include:

- Gloucester City Homes reducing arrears by 21.3%
- Enfield Council reducing arrears by over £1 million
- Worthing Homes reducing arrears by 14.8%
- Rotherham Metropolitan Borough Council reducing arrears by over £2 million

Mobysoft Data Test – Background

Mobysoft has developed its Data Test proposition to enable organisations to benchmark their systems against 160 other social landlords, and against RentSense, the sector's leading arrears software solution.



We looked at RentSense two years ago, and since then there has been significant evolution in their processes and solution. At Home Group we recently undertook the RentSense proof of concept, not only did this help us accurately verify the impact of RentSense but it evidenced the investment case for IT as well

Doug Bacon, Director, Home Group

Data Test – November 2020

Mobysoft undertook the data test at Epping Forest in November 2020, configuring and validating the outputs via comprehensive testing sessions with Epping Forest income specialists.

Data Analysis – Summary

Tenancies Processed	6,273
Gross Arrears Balance	£626,951
Processes/Reports Used	Northgate

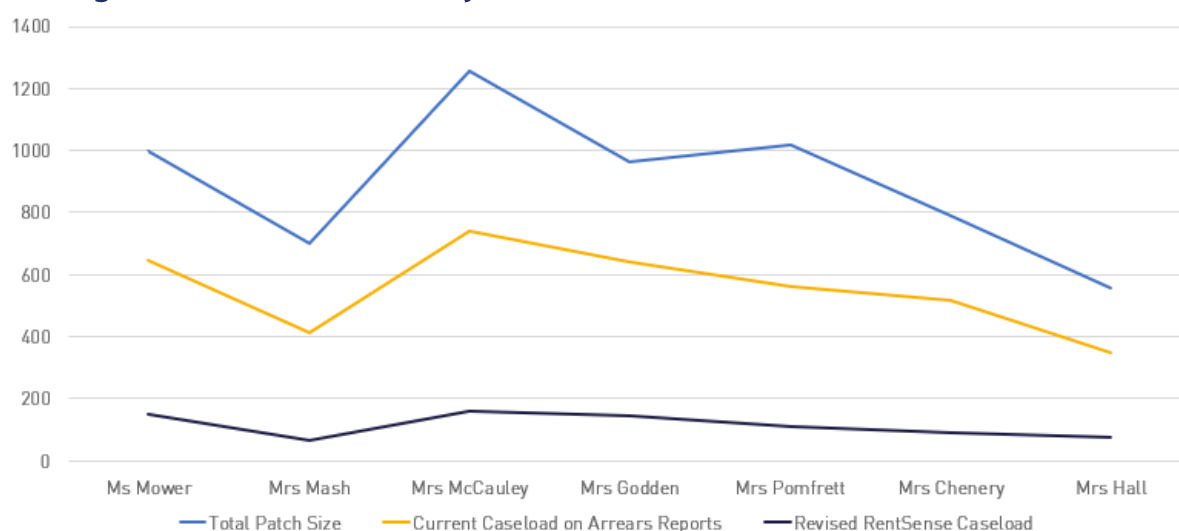
Northgate caseload analysis

Arrears Report Caseload	3,862
Cases where no action is required	3,076 (79.6%)

When analysing the arrears caseload report vs. the RentSense recommendations, it was highlighted that approximately 80% of the cases on officers arrears reports did not require action and would not be presented by RentSense. This was validated across comprehensive testing sessions with officers.

The data test also highlighted that approximately 37% of letters prompted by the housing system didn't require action. Officers currently undertake the arduous task of reviewing each letter prompt individually to identify whether the tenant is in genuine arrears or not.

Average Officer Caseload Analysis



The graph above highlights a disproportionate officer caseload compared to the real caseload officers should be focused on contacting. The resulting unnecessary caseload, which officers have to currently filter through manually, means officer time is wasted sifting through cases to identify the right tenants to contact needing immediate engagement and support.

Officer Caseload Breakdown

	Total Patch Size	Current Caseload on Arrears Reports	Revised RentSense Caseload	% caseload removed	Patch Caseload RS %
Ms Mower	996	645	148	77%	14.9%
Mrs Mash	699	415	66	84%	9.4%
Mrs McCauley	1254	739	160	79%	12.8%
Mrs Godden	962	639	146	77%	15.8%
Mrs Pomfrett	1017	561	110	81%	10.8%
Mrs Chenery	790	516	92	82%	11.6%
Mrs Hall	555	347	75	79%	13.5%

As highlighted in the table above, the data test highlighted that officer caseload should be 66-92 cases across the part time officers, and 110-160 cases across the full time officers. Across each officer, current caseload is approximately 4x higher than it should be, demonstrating the inefficiencies arising from the current system and processes. Officer caseload reduction ranges from 77-84% across the team.

The data also highlighted a relatively low proportionate patch caseload across the team. This highlights that officers are performing admirably in keeping tenants out of debt or aligned to consistent payment behaviours, in spite of the challenges posed by the current system.

‘Missing’ cases

The data test also highlighted that the caseload accuracy extended further than removing unnecessary caseload, and that it was likely that there were a negligible volume of credit cases, not currently prompted for action to officers, that need immediate contact. By presenting these at an early stage, it would enable officers to prevent arrears accruing unnecessarily and keeping tenants out of debt.

Complexity of Payment Patterns for Universal Credit

The transition from HB to UC payments have caused tenant payment patterns to change significantly. As opposed to other payment profiles, it was identified during the data test that there were examples of tenants with multiple payment profiles and frequencies, which are typically difficult to understand and manage in a traditional housing management system/arrears report. The APA is the most complex example here - a monthly amount deduction from the claimant, paid on a four-weekly basis to the landlord with one in 13 payments "missing". When you look at the account from the traditional HMS perspective you see the same effect as that monthly payer but with alarming spikes and drops. However, when properly analysed and interpreted the actual position of the account can be seen and acted on.

RentSense has been developed over more than five years to manage the complexity of Universal Credit payment profiles and is regularly developed in line with changes in regulation. The benefit of this is that it can handle multiple complex payment types & frequencies, to ensure the accurate caseload is maintained.

Caseload Comparison

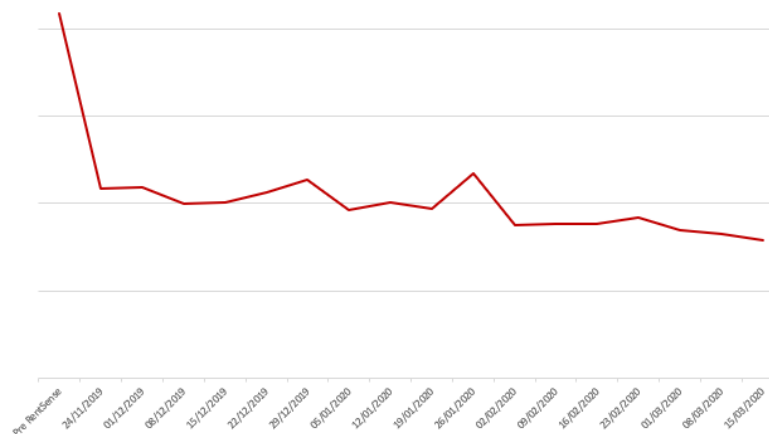
The data test also highlighted that average officer caseload is significantly higher than comparable-sized organisations. This unnecessary pressure on resource is likely to result in a lack of early & consistent intervention with tenants, inevitably resulting in increasing arrears.

Social Landlord	Average caseload per FTE officer	Housing System	Current Caseload Source
Thurrock	126	Northgate	RentSense
Magenta Living	92	Northgate	RentSense
Enfield	130	Northgate	RentSense
Epping Forest	646	Northgate	Northgate Reports

Accurate Caseload – Example – Thurrock Council

By achieving an accurate caseload, income officers can focus on the right cases at the right time in order to maximise rent collection and support tenants. Thurrock Council, another Northgate user, achieved an immediate 46% caseload reduction from introducing the RentSense platform. As the graph below demonstrates, over a period of 6 months, they managed to further reduce officer caseload by 18.9%, by being able to engage successfully with tenants that required immediate intervention and support.

As covered in Thurrock's annual accounts 2019/20, they exceeded income collection expectations and managed to reduce bad debt. Further to success stories similar to this, other Northgate using social landlords, such as Hammersmith & Fulham and Stafford & Rural have procured RentSense in 2020.



DataTest – Caseload Key Findings & Summary

- **Cases are being presented to officers unnecessarily**
 - An average of 79.6% of cases presented to each officer weekly do not require contact, resulting in an estimated 3.76 FTE officer time wasted reviewing those cases
- **Cases are being missed**
 - The housing system is not presenting an accurate caseload to officers, meaning tenants that require immediate intervention are not being presented for contact at an early stage
- **Officers are unable to get through caseload weekly**
 - Due to the high caseload presented on the system, officers are unable to action cases weekly, leading to a lack of consistent weekly contact and lack of early level intervention.
- **Arrears are not decreasing**
 - Despite historically having a strong arrears performance, arrears have remained stagnant in the last 18 months. Trends highlight that unless the impact of the ongoing roll out of Universal Credit is mitigated, it is forecast that arrears will increase. At the time of the data test, Epping Forest didn't have the facility on their system to identify UC claimants. However, a simple comparison between tenants not on an APA and tenants on an APA showed a massive difference in percentage arrears of the relative rent roll, and average arrears, which were more than double for tenants on an APA

Total Current Arrears (& %)	£626,951 (1.9%)
Non-APA Arrears	£451,439
Non-APA Average Arrears	£320.40
Non-APA Arrears % Rent Roll	1.45%
APA Arrears	£175,512
APA Average Arrears	£696.48
APA Arrears % Rent Roll	9.47%

RentSense

RentSense is the housing sector's leading intelligent income management solution, which currently analyses rent payment patterns for over 1.7 million social housing tenants, utilising algorithms to analyse payment behaviours, aggregate trends and provide predictive intelligence. The output is streamlined accurate workload, earlier intervention, improved efficiencies, lowered cost of collection and increased rent collection. Recent diagnostics have highlighted sector-wide successes, including:

- **Rotherham Metropolitan Borough Council** increasing rent collection to 101.08% for the 2019/20 financial year, and achieving over 100% rent collection every month since March 2020
- **Gloucester City Homes** reducing arrears by 21.3% between March 2019 and March 2020, and reducing arrears by a subsequent £66,000 since March 2020
- **Worthing Homes** reducing arrears by from 2.7% in March 2019 to 2.3% March 2020, and continuing to reduce arrears to 2.2% during the COVID pandemic

The RentSense service is used across many southern local authorities. Since March 2020, 16 further social landlords have invested in RentSense, more than 200 income officers have been trained on the solution and multiple organisations have signed multi-year contract extensions, highlighting the real value it is providing.

Maximising Officer Time

The capacity gains achieved by RentSense are absolutely critical in enabling organisations to maximise officer time to deal with increased caseloads associated with the full roll out of UC and the impact of COVID-19. Some examples include:

"The idea of RentSense was around productivity and not having to bring in additional staffing resource and maximising performance, which it has done." **Maggie Cornall, Ops Director, Blackpool & Coastal Housing**

"The income team has remained static over time, but RentSense has freed up time to deal with additional workload" **Ilyas Lunat, Income Manager, Connect Housing**

"RentSense has created officer capacity and given the team more time to focus on complex cases and the households that need the attention." **Wendy Hardy, Income Manager, Cottsway**

RentSense Anticipated Return on Investment – Year 1

The projections below follow the data test analysis and has been benchmarked against impact assessments and client diagnostics for other social landlords:

Projected Benefit	Value (£)
3.76 FTE Immediate Capacity Gain	£142,880
HRA Projected Year 1 Arrears Reductions	£96,058
UC Arrears Increase Mitigation	£195,062

In addition to the immediate officer capacity gains, which will improve the level of service provided to tenants, benchmarked data suggests a year one arrears reduction of over £96,000 and a mitigation of projected UC arrears increase of over £195,000.

There are further projected ROI metrics, based on independent QuantSpark data, including:

- Projected 11.5% reduction in the volume of tenants in arrears over a two-year period
- Projected 37.8% reduction in arrears-related evictions

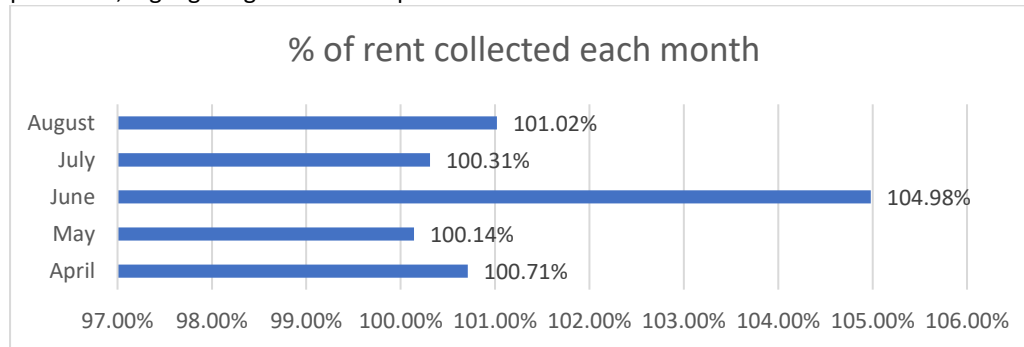


"Our arrears have fallen by around £500,000 since 2018, from £1.1m to £616,000 in March 2020. We have also seen former tenants' arrears half in this time, and last year our evictions fell significantly as the team are helping sustain more tenancies."

Matt Kelly, Income Manager, ONGO Homes

Impact of COVID pandemic on rent collection – Rotherham Council

Rotherham Council, a RentSense client, recently released the following statistics during period of the COVID pandemic, highlighting a continued period of over 100% rent collection:



Despite the number of UC cases increasing by over 1,300, the average tenant UC arrear has reduced by over 30%.

RentSense UC & Covid-19 Mitigation Impact – Quotes from 2020 Case Studies



“RentSense has contributed to the team’s success in cash collection and sustaining tenancies by giving them the right cases. The Universal Credit rules in RentSense have really helped manage the 1,400 new UC claimants YHN have had since lockdown. They have helped ensure we contact the tenants at the right times and support them through the process of claiming.”
Christopher Todd, Senior Manager, Your Homes Newcastle



“We currently have around 2,500 tenancies claiming UC, and at present our average UC arrear is £70. RentSense and our Rent First approach have been instrumental in helping the team achieve this”
Matt Kelly, Income Manager, ONGO Homes



“With an accurate caseload officers know every contact matters. What’s more the team can now complete their weekly caseload, and as a result staff morale has improved and arrears performance is the best it’s been in at least 10 years.”
Justine Hart, Income Manager, Shepherds Bush Housing Group

RentSense Implementation and Operation

RentSense

Accessed via the cloud and system agnostic, RentSense has taken more than fifteen FTE-years time to develop the test bed of unique algorithms and is provided as a fully managed service, designed to free up time through predictive analytics, trend-analysis and risk profiling.

The service includes full management inclusive of full remote implementation, virtual training, ongoing support and service management, and is a proven solution used by more than 160 other social landlords.

ICT Resource

RentSense is a cloud-based software-as-a-service solution and as such requires negligible IT resource to get live in approximately 12-14 weeks. It is estimated that Mobysoft will require approximately ½ day of IT time. Once the automated data feed has been initiated, no further IT time will be required. The implementation process and ongoing service management is fulfilled remotely and virtually.

Northgate

Mobysoft have implemented RentSense with many organisations that are already using the Northgate system, including Your Homes Newcastle, Enfield Council and Magenta Living.



"We've continued to use RentSense all the way through, and that's been a massive alert, to those people (who were affected by Covid)...but also other people might have been disrupted too and that's been a great help... a big surprise and very pleasant one our rent income has maintained at 100%ish level all the way through."

Jayne Winders, Executive Director, Magenta Living

RentSense Proposal

The proposal from Mobysoft is for Epping Forest to purchase the RentSense solution on an annual basis:

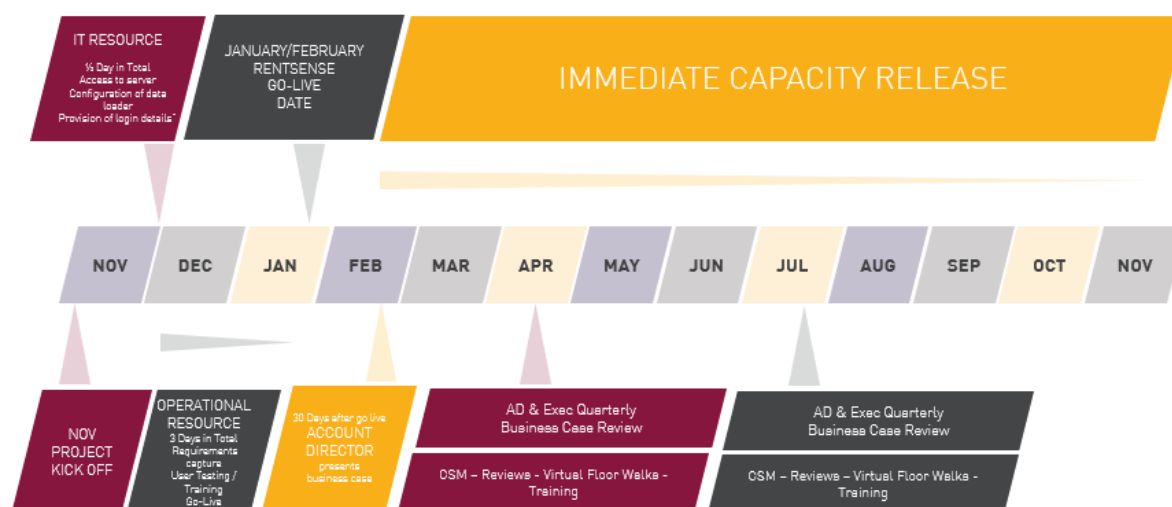
- The RentSense intelligence is unique in automatically establishing and analysing tenant transactional patterns without manual user intervention. There is no comparable service in the sector that offers payment profiling and predictive analysis technology that is proven to consistently reduce arrears
- RentSense will free up significant capacity by identifying an accurate caseload and enable Epping Forest to achieve earlier, and more consistent, levels of intervention & engagement
- RentSense is successful with over 160 other organisations, including other over 50 local authorities and over 30 live Northgate users, including the likes of Southwark, Southampton, Sheffield and Newcastle
- There will be negligible impact on internal services, including IT, and the implementation process can begin immediately without the need to make changes to the current system or processes, with a fully remote implementation complete within 12-14 weeks
- Implementing RentSense would provide a consistent prioritisation mechanism through the period of change associated with changing housing system

Procurement – G-Cloud Framework

RentSense is a completely unique solution and can be purchased via the G-Cloud 11 framework. The uniqueness of the service can be attested by more than 160 other organisations, with many of the comments found in their publicly available board reports:

West Dunbartonshire Council	'There is no comparable software in the sector that offers payment profiling and predictive analysis technology'
London Borough of Lambeth	'There are no comparable solutions that have demonstrated proven capacity gains, arrears reductions and is fully configured for UC. In addition we have invested considerable resource developing on our existing housing management system over a number of years, without achieving the success of maximising officer capacity and eliminating wastage'
Sandwell Borough Council	'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 Mobysoft's RentSense for the results required by Social Housing Landlords'... 'The time employees waste manually managing the housing system is no longer sustainable given the increased demand resulting from the management of Universal Credit arrears and the complex support needs'

Example Fully Remote Project Timescales



The deployment was very, very easy. The biggest concern was our IT team as their resources are stretched, but it required very little of their time. It is one of the easiest projects that I have been involved with, and the care and service has been excellent

Susie Thompson, Deputy Director Operations, Gentoo Group

Pricing

RentSense is provided as a fully managed and hosted service. The prices below include full implementation (inclusive of testing, training, floor walks and configuration), ongoing service management via Client Success Managers, an Account Director and Income Maximisation Directors, regular diagnostic reviews, online focus sessions, online training tools, best practice events & full IT support for processing 6,300 properties:

Module	Year 1	Annual
RentSense & Performance Reporting	£66,609	£54,598

Optional Modules	Year 1	Annual
RentText Automated SMS	£8,765	£7,185
Former Tenants	£8,765	£7,185

Prices exclude VAT. This pricing is valid until Wednesday 30th December 2020.

Additional Commercial Considerations

A key element of the RentSense service is proactively demonstrating the value highlighted in this business case. As part of this commercial proposal, subject to Epping Forest signing up prior to 30th December 2020:

- Mobysoft will implement a 6-month performance related 'break clause' into the agreement based on achieving the 3.76 FTE officer capacity gains projected as part of the data test analysis
- The RentText – Automated SMS module will be provided free of charge for 6 months

Comparable Organisations

RentSense is currently being used by over 160 social landlords, including over 60 local authorities. These include a number of organisations of comparable size to Epping Forest, including:

- Flintshire Council – approx. 7,400 properties
- West Lancashire Borough Council – approx. 6,200 properties
- Gravesham Borough Council – approx. 5,700 properties
- Guildford Borough Council – approx. 5,300 properties

Options/Risks

Do Nothing

With arrears increasing and UC roll out continuing, doing nothing would likely result in a significant increase in arrears, which would impact on revenue streams and potentially impact on service to tenants.

Internal Development

Developing a solution that encompasses predictive analytics to streamline accurate workload would take more than 100,000 hours development time. RentSense's test bed of algorithms alone have taken over 15 FTE years development time.

New Housing Management System

More than 20 RentSense clients have changed housing management system in the last 18 months, many of them citing how important the use of RentSense was in providing continuity and a seamless change over to the new system, these include, for example:

Organisation	Old System	New System
London Borough of Havering	Northgate	Capita
South Lakes Housing	Northgate	Civica CX
Bernicia Group	Universal Housing	Civica CX
Plus Dane	Universal Housing	Civica CX
Saffron Housing Trust	Capita	Microsoft Dynamics CRM
Shepherds Bush Housing Trust	Genero	Civica CX



Since making the move to the new HMS RentSense has really bridged the gap for us. Indeed it was one of the smoothest parts of making the transition. For us this was really important and Mobyssoft coped really well with the whole process.”
Simon Hughes, Income Manager, South Lakes Housing

In addition, many new clients have started using RentSense whilst in a transition or procurement phase regarding a new housing management system. These include the likes of Fife Council, Enfield Council and Rugby Borough Council, all of whom are currently in the process of implementing a new system.

RentSense is enabling these organisations to continue to maximise rent collection processes and minimise any disruption during the transition phase. A typical housing system implementation takes 12-18 months, and the implication of officers continuing with an inaccurate caseload during this time, could be devastating on rent collection and the wellbeing of tenants.

Alternative Solutions

RentSense is a completely unique, proven and validated solution used by more than 160 other housing organisations spanning over 1.7 million social tenancies. There is no other solution in the sector that is proven to accurately prioritise officer workload, free up significant officer time, mitigate against the impact of universal credit and reduce arrears.



“For us investing in RentSense was about efficiencies and releasing capacity to do other things, it has helped us create 7 FTE. Every landlord is different, but I don’t know why you would not use something that will save you time, effort and money”
Susie Thompson, Assistant Director of Housing - Gentoo



“We would not be able to manage our debt without RentSense. Also, Mobyssoft are always looking to develop the product and the level of service is excellent. RentSense can adapt to our business and needs, and it is very flexible as it is able to link across other systems.”
John Wright, Director of Finance – Thirteen Group