

ANGUS COUNCIL

POLICY & RESOURCES - 2 SEPTEMBER 2014

PROCUREMENT OF DEBT COLLECTION AND SHERIFF OFFICER SERVICES

REPORT BY IAN LORIMER, HEAD OF CORPORATE IMPROVEMENT & FINANCE

ABSTRACT

This report informs of the need to put in place a contract for the provision of Debt Recovery and Sheriff Officer Services for up to 6 years from April 2015 and seeks authority to proceed with the required procurement.

1. RECOMMENDATION(S)

It is recommended that the Committee

(i) Authorise the Head of Corporate Improvement & Finance to undertake a procurement exercise for Debt Recovery and Sheriff Officer Services as outlined in section 4 of this report, initially for a period of 4 years with provision for an extension of an additional two years subject to being satisfied as to the performance of the contractor

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013-16:

9. Individuals are supported in their own communities with good quality services.

3. BACKGROUND

The current contract for debt collection services was tendered for in 2010 with an expiry date of the end of September 2014 however this contract was further extended to the end of March 2015 to enable a revised specification to be drawn up given the expanded nature of the proposed contract.

4. PROCUREMENT AUTHORITY

4.1 Sourcing Strategy

The provision of high quality Debt Recovery and Sheriff Officer Services is an essential requirement for the good management of the Council's income and specifically to meet the requirements and indicators for Council Tax and Non-Domestic Rates recovery. There are no current alternatives to procuring the supply (a) within current internal resources and (b) due to the Scots Law legal requirement around debt enforcement proceedings.

The tender will include for the first time all the following

- Council Tax (including water and wastewater charges);
- Non-Domestic Rates;
- Housing Benefit overpayments;
- Sales ledger debt recovery; and sales ledger diligence.
- Enforcement and diligence in relation to current and former tenant rent arrears;
- Pre-decree service of a variety of statutory notices and sundry court documents;
- Post-decree / summary warrant services including the service of charges and the carrying out of evictions;

The Recovery of Council Tax and Non-Domestic Rates is the largest component of this contract.

The supply market has been analysed and only sheriff officers (officers appointed by the Scottish Sheriff Courts to formally enforce court orders) are qualified to provide this service. There are 27 firms of sheriff officers in Scotland but not all will be able to meet the contract requirements in terms of handling the volume of actions required and may not have the systems to support such a contract. None have headquarters in Angus but the current supplier, A. A. Hutton, has a local office in Forfar employing 2.5 staff and a further 13 offices across the country. A local presence in Angus will continue to be a contract requirement as it is related to the quality of performance of the service.

The contract requires only one lot in order to meet the Council's desire to bring about improved coordination of its debt management activities.

No national Procurement Scotland or Scotland Excel framework agreements currently exist to meet this requirement. Consultation has been undertaken with our Tayside Procurement Consortium (TPC) partners, Dundee City Council and Perth & Kinross Council. From that consultation, it is evident that there is no current appetite to pursue the systems and processes harmonisation necessary to enable collaborative procurement under the umbrella of the Tayside Procurement Consortium.

The procurement is not considered to be a "major procurement" in terms of Financial Regulation 16.8.4. Approval of this Report would mean that the contract can be accepted without the need for further committee approval and in accordance with the new arrangements the contract award will be reported to committee for noting only.

4.2 Key Terms Proposed

It is envisaged that the contract will commence on 1 April 2015 for a 4 year period with an option to extend for up to a further 2 years.

The value of the supply is estimated at £150,000 per annum and £900,000 over the whole life of the contract, including any option to extend, based on previous relevant expenditure.

The contractual mechanism will be a sole supplier contract.

It is proposed to allow the bidders the option to submit "variant" pricing models alongside a compliant one to allow commercial flexibility and innovation

4.3 Procurement Procedure

It is considered that single stage ("open") tender procedure would be the best means of procuring the required supply here. This is because there will be a limited number of Sheriff Officer firms who could actually meet the contract requirements.

The contract opportunity will be openly advertised on the Public Contracts Scotland Portal in accordance with Council policy and as a means of securing good competition to deliver best value for money.

4.4 Contract Evaluation and Award Basis

Completed tenders returned to the Council shall be evaluated and the contract will be awarded on the basis of the most economically advantageous tender, on a mix of quality and price. The price/quality split applied will be 30% on price and 70% on quality. This approach has been approved by the Corporate Procurement Manager as an appropriate departure from the Council's usual approach in accordance with Financial Regulation 16.14.2.

The broad evaluation criteria and weightings will be:

Minimum supplier selection criteria (pass/fail) will be applied on:

1. Financial standing
2. Insurances
3. Bidders current sheriff officers' commission
4. Resources –adequate capacity for the contract
5. Equalities
6. Business Continuity

Separately, price/quality tender evaluation will be applied on criteria of:

Financial 30%

Quality 70%

The Corporate Procurement Manager has been consulted on the preparation of the strategy underlying this report and is satisfied that this approach is suitable and likely to produce best value and the most economically advantageous tender (MEAT) for the Council.

5. FINANCIAL IMPLICATIONS

The estimated cost for the maximum 6 years duration of the tender is an estimated £900k at (£150k per annum). This cost is noted as estimated only as the actual costs incurred will be dependent upon the actual collection levels that prevail over the contract term and volume of statutory notices issued by legal services. To put this into context it is estimated that over £12m will be collected by the contractor for the Council across the various income streams during the contract period.

The costs of collecting Council Tax and Non Domestic Rates through Sheriff Officers are anticipated to be met from the 10% statutory addition which becomes payable by the debtor when a summary warrant is obtained. Although these statutory additions can take time to collect the effect on the Council's revenue budget from the awarding of this contract is expected to be broadly cost neutral.

The costs to the Housing Revenue Account relating to evictions are provided for and it is not expected to exceed the budgeted amount. Any additional costs incurred by recovering sums from former tenant arrears should also be cost neutral.

The costs relating to service of pre-decree service of a variety of statutory notices and sundry court documents are in the main recovered from the debtor and again the position is expected to be cost neutral for the Council.

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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