

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE
11/12/2018

Subject:	Debt Recovery and Enforcement Agency		
Corporate Director(s)/ Director(s):	Candida Brudenell, Corporate Director of Strategy and Resources		
Portfolio Holder(s):	Councillor Graham Chapman, Portfolio Holder for Finance, Resources and Commercial Services		
Report author and contact details:	Kaj Ghattaora, Provider Performance Manager Tel: 0115 8765748 Email: Kaj.ghattaora@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	Subject to call-in	<input checked="" type="checkbox"/> Yes
Reasons: Expenditure of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue		
Significant impact on communities living or working in two or more wards in the City	<input checked="" type="checkbox"/> Yes		
Total value of the decision: £5.3m			
Wards affected: ALL	Date of consultation with Portfolio Holder(s): 21 st November 2018		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			X
Summary of issues (including benefits to citizens/service users): The Council requires the services of Enforcement Agents for the recovery of unpaid Council Tax, National Non Domestic Rates (NNDR), Business Improvement District levy, Commercial Rents, and Civil Enforcement of Penalty Charge Notices (PCN). The services are delivered at a cost of £1.3m per annum and are collect income of c. £3.4m per annum which is at risk of not being paid. If this service was not in place there loss of income from its various activities could be lost and this would impact on the Medium Term Financial Plan (MTFP).			
Exempt information: State 'None' or complete the following. None			
Recommendation(s):			
1 Approve the decision to tender our service requirement for a framework concession for a period of 4 years.			
2 Approve the decision to delegate the award of the concession to the Corporate Director of Strategy and Resources.			
3. Approve the spend associated with this contract.			

1 REASONS FOR RECOMMENDATIONS

- 1.1 The services are required to collect revenue for the non-payment of debt when all internal processes to collect the debt have been exhausted.
- 1.2 The existing concession has expired and the Council still has a requirement for these services.
- 1.3 This tender does not exclude further work to be undertaken to explore the use of an "ethical debt collection" service. The appropriate governance route will be used to seek approval should this option be pursued further.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Nottingham City Council is responsible for collecting Council Tax, NNDR, BIDs and Commercial Rents in the Nottingham area. There are over 130,000 dwellings subject to Council Tax and more than 11,000 businesses that pay NNDR.
- 2.2 Nottingham City Council is also responsible for collecting Traffic Debt regarding motorists who have failed to pay PCNs, issued for contravening relevant parking regulations.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 To develop an internal Enforcement Agents service. This is considered a complex and costly option at present but one that can be considered in the future. The external solution is free to the Council as agents fees are payable by the debtor.
- 3.2 Do nothing - this was not considered an option as the Council will suffer a loss of revenue.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 This service is a cost of £1.3m per annum (£5.2m for the contract term) to the organisation and supports the collection of £3.2m in revenue; without this service:
 - 1. A **high percentage** of the £3.2m **may not be recovered**;
 - 2. This would **increase the bad debt provision** the organisation requires on an annual basis and
 - 3. Funding would need to be **recognised through the MTFP, increasing any budget gap** the organisation currently has.
- 4.2 The contract will be procured through an appropriate corporate commissioning process including input from all departments undertaking income generation activities.
- 4.3 The development of a robust contract with the appropriate performance measures in place, will enable an appropriate value for money comparison for any future

business decision regarding a change in delivery vehicle for this service. Any decision will need to include all financial aspects to ensure it is fully costed, informed and accurate.

Ceri Walters, Head of Commercial Finance, 3 December 2018.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 Procurement colleagues will assist with the tendering exercise to ensure that a fully compliant contract is entered into.

Paul Ritchie, Lead Procurement Officer, 16/11/2018.

- 5.2 This report does not raise any significant legal issues. The fees for debt enforcement services are set out in legislation. The proposal for 'ethical debt' collection needs to be explained in more detail as it is likely that this would form part of the quality evaluation. As it would be a standard contract term to comply with the law – the additional obligations to act in an 'ethical' way would need to be set out in the specification.

Andrew James – Team Leader, Commercial Employment and Education, 16th November 2018

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

- 6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 A consideration will be made for the creation of local jobs and the local supply chain and the Business Charter will be included in the tender documents.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 N/A

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

There are no changes being made to current working practices or policy.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 None

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 Ian Roper, Commercial Finance Team Leader – Contracts Management