

REPORT FOR: **CABINET**

Date of Meeting:	13 September 2012
Subject:	Award of Corporate Bailiff Contract
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance
Exempt:	No, except for Appendix 1, which is exempt by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 in that it contains information relating to the financial or business affairs of a particular person
Decision subject to Call-in:	Yes
Enclosures:	Appendix A

Section 1 – Summary and Recommendations

Recommendations:

As a result of the evaluation of this tendering exercise, it is recommended that the contract be awarded to

- Newlyn plc
- Chandlers Limited.

That Cabinet considers the information given in this report and agree :

- (a) to note that there were no other tenderers;
- (b) To note that there will be a ten day cooling off period following this decision before the agreements are formally signed
- (c) That the Director of Legal & Governance Services be authorised to sign the Contracts on behalf of the Council.
- (d) To note that ongoing management of the contract is delegated under existing authorities to the Divisional Director – Collections & Housing Benefits within the Resources Directorate.

Reason: (For recommendation)

To obtain approval to enter into a contract for an initial three years and with an extension for up to 5 years depending on performance.

Section 2 – Report

2. Introduction

2.1 Background

Current contracts for bailiff services expire on 1/10/2012. Currently only one formal contract exists for this service and this encompasses the collection of all Council income where the Council cannot collect it directly from the debtors itself.

As in excess of some £3.5 million annually is collected via outside collection agents, having contracts in place is essential and minimises risk to the income streams. Historically two firms have been used and this report recommends the appointment to continue with two contractors. There are significant benefits in appointing two firms to deliver a corporate collection service, i.e. capacity, performance, lower costs and competition between contractors.

The contract seeks to ensure that the companies appointed provide sufficient capacity to expedite collection within set targets, are able to target specific geographical areas at short notice with sufficient resources to maximise collection and which can cope with both a planned work programme and demand-led working – i.e., work is carried out in response to requests from managers. The existing contract in place is based on a close collaborative arrangement and this will be replicated as it has delivered significant benefits for the Council and previous Contractors.

Objectives

- To appoint 2 companies to carry out the bailiff functions for collection of the named debt types and any other sundry debts owed to the council allowing for competition and risk management.
- To ensure the smooth migration of existing cases between contracts and contractors in the most efficient and automated manner possible.
- To ensure the appointed contractors are financially viable and robust to carry out the duties required throughout the contract and meet all council requirements in terms of Customer Service, Equalities, Complaint resolution, Health & Safety etc.
- To ensure that the appointed contractors are able to evolve their service to continually improve the level of service provided to the authority and to respond to any changes in legislation, policy or guidance as and when required.
- To appoint contractors who are aware of the impact of adverse publicity on the council and who work together to minimise this.
- To appoint contractors that will comply with any performance/quality monitoring requirements.
- To appoint contractors who can cope with a dual collection process taking into account the potential difficulties of collecting monies from those affected by the new local Council Tax Support Scheme which will come into effect on the 1/4/2013.

2.2 Benefits

Income collection relies on both internal and external actions. Harrow Council does not have internal bailiffs and relies on commercial firms to carry out door to door collections and actions of distraint. Without a commercial partner the Council would be unable to execute warrants / court orders resulting in either loss of income or a longer period over which monies are recovered. Agreeing this contract will maximise income collection as well as front-end receipts.

Both firms proposed to be contracted are aware of the radical changes to council tax benefit under welfare reform and have already expressed a wish to work closely with Officers over the next six months to ensure they fully understand the implications of Harrow potentially issuing 5,000 to 7,000 extra collection orders against tax payers whose only income might be Income Support or Job Seekers Allowances. This will require very different collection processes, including perhaps receiving much more frequent but small remittances and longer periods to clear the debt. Reviewing and evolving these processes will dovetail with the Council's priorities of protecting the vulnerable and supporting those most in need.

Fees charged to debtors can be both set amounts as set by regulations or be "reasonable fees" at the discretion of the bailiffs. In some areas this contract will bring lower fees to be charged to debtors under the "reasonable fees" element which again will ensure those with little income see more of their bailiff payments going towards debts rather than fees and reduce the overall financial burden. The contract will also allow for fees to debtors to be further reduced if the Ministry of Justices' current on-going consultation on the subject should suggest very different fees to what has been negotiated. In

effect this will allow the contract to be future proofed and to ensure those financially worse off are not put into a far worse position by the process.

2.3 Cost of Proposals

The standard service is free of charge to Harrow Council; the recommended firms charging out and recovering their fees from the debtors. In respect of “chargeable services”, competitive charges, and in some cases lower charges compared with the industry standards, have been obtained. The recommended firms therefore comply as having the most economically advantageous tenderers benefiting the Council.

The contract also incorporates innovative mechanisms for profit sharing which will deliver a minimum income stream of £50k to the Council. This has already been accounted for in the Council’s medium term financial planning and the contract is therefore an essential part of the Directorate’s savings proposals for the future.

2.4 Risks

Resources: Re-training and meeting a new demand for managing a new commercial relationships. An integration plan will address the risk.

Service: Some risks associated with the handover process in terms of service with potential short-term deterioration during handover period. Guarantees have been received from current suppliers regarding continuity of service.

Contract: Flexible arrangement with ability to terminate for non-performance or to reduce work to be passed to the company. Limited to normal contract type risks, negated through performance bonds, parent company guarantees etc.

2.5 Implications if recommendations rejected

Existing contracts terminate by 1st of October and would have to be re-tendered.

In the meantime the council would have to procure temporary and likely more expensive arrangements for local tax and other income collection, with a consequential adverse impact on planned income profiles. There would also be a cost associated with either loss of interest from monies not collected or from having to borrow money if income collection expectations not met. Collection in year for both Council Tax and Business Rates are also key local BVPI’s and not having a bailiff partner on board would additionally put in year collection targets at risk.

2.6 Procurement process

The project started with a thorough analysis of the procurement options and due to the publicity and sensitivity around the contract it was decided the

Council would go through a complete OJEU tender process to identify the successful contractors.

A 'restricted' tender process was conducted according to the EU procurement rules for Part B Service contracts.

15 expressions of interest were received and 2 companies completed and returned a Pre-Qualification Questionnaire. Out of these a shortlist of 2 tenderers were chosen and invited to tender. Newlyn plc and Chandlers Limited, respectively, were the only two companies to submit a proposal and both scored above the threshold set in the evaluation criteria however due to the sensitivity of this contract, Legal recommended that the full tender process was followed rather than requesting a waiver.

A pre-defined evaluation model was constructed to fairly evaluate each tender against a set of criteria established by the Collections Team, Corporate Procurement and Legal as the most important aspects of Bailiff Services for Harrow Council (please see enclosed evaluation criteria – appendix A).

The tender specification was a process specification inviting bidders to put forward their experiences and examples of delivering similar Bailiff contracts. The procurement strategy adopted (minimum threshold) aimed to produce a result that would both deliver conformity to our service requirements and a cost effective solution.

The project team consisting of officers from procurement, revenues, parking and legal met at least monthly giving overall direction, monitoring progress and agreeing changes to documentation.

The tender was designed to allow focus on the key areas of service which helped the Council to agree with contractors, improvements to the current systems as well as new innovative strategies for the service

The new contracts will aim to deliver better performance which were measured through the tender process and will be reviewed periodically at liaison meeting after commencement of the contract.

Award Recommendations

2.7 Evaluation and results

Newlyn plc and Chandlers Limited, respectively, were the only two companies to submit a proposal and both scored above the threshold set in the evaluation criteria.

As the authority's intention was to appoint 2 firms, two firms are now recommended.

The recommended firms are Newlyn Plc and Chandlers Ltd.

See Appendix A for the evaluation criteria and tenderer's scores.

This award is subject to service area authorisation in line with the Council Scheme of Delegations and sealing of the contract by Legal.

Financial Implications

This is a report of the Corporate Director of Resources and deals with financial matters throughout.

Performance Issues

The contract deals with the appointment of bailiffs to support the Council with its Revenue collection functions, including the collection of Business Rates and Council Tax which are key indicators monitored locally. Not having a bailiff partner would impact on Harrow's in year collection rates & cash flow which is expected to be significant due to the large amounts involved.

Legal Implications

The Council has conducted the procurement in compliance with EU public procurement rules and can enter into the contracts. Legal Services has approved the contracts and confirms that they give the Council adequate legal protection and clearly sets out the rights and obligations of the Council and the contractor.

Environmental Impact

None

Risk Management Implications

Risk Included on Directorate risk register? No

Separate Risk Register in Place? No

Equalities implications

When making this decision Cabinet should have due regard to the public sector equality duty. Providers were informed early in the process that this contract had been assessed by the Council as having equalities issues as a core requirement.

Part of the evaluation took into account the provider's technical capacity regarding this area. The successful contractors all had in place satisfactory procedures regarding complaints, EOP and recruitment procedures.

Additionally, all contractors will be required, as a condition of the contract, to observe as far as possible the Code of Practice for the Elimination of Racial Discrimination and the Promotion of Equality of Opportunity in Employment issued by the UK Commission for Racial Equality as well as having to abide by the Authority's code of conduct for bailiffs which specifically protects vulnerable individuals.

Corporate Priorities

The report addresses the Council's corporate priorities as the award of the contracts will ensure monies are collected allowing the Council to fund and pay for services. Additionally the new contracts will also ensure that further processes are developed to deliver a firm collection service but one that also takes into account client vulnerability at key later stages in the process so

those suffering genuine financial hardship can be dealt with in a more personalised way.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/> Chief Financial Officer
Date: 17/08/2012	
Name: Stephen Dorian	<input checked="" type="checkbox"/> Monitoring Officer
Date: 04/09/2012	on behalf of the

Section 4 – Performance Officer Clearance

Name: Martin Randall	<input checked="" type="checkbox"/> Divisional Director	on behalf of the
Date: 16/08/2012	Partnership, Development and Performance	

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/> Divisional Director (Environmental Services)
Date: 16/08/2012	

Section 6 - Contact Details and Background Papers

Section 6 - Contact Details and Background Papers

Contact: Fern Silverio (Divisional Director – Collections & Housing Benefits)
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers: Tender documentation

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call in applies]