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**REPORT FOR: CABINET**

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**Date of Meeting:** 17 November 2016

**Subject:** Procurement of Enforcement Agents (Bailiff)  
Contractors to support Income Collection

**Key Decision:** Yes

The proposed support involves revenue expenditure for Harrow Council of approximately £4m over a five year term (£0.6m - £0.8m per year).

**Responsible Officer:** Tom Whiting  
Corporate Director, Resources & Commercial  
Directorate

**Portfolio Holder:** Finance, Commercialisation & Major  
Contracts – Councillor Adam Swersky

**Exempt:** No

**Decision subject to  
Call-in:** Yes

**Wards affected:** All

**Enclosures:** Appendix 1 - EqIA  
Appendix 2 – Bailiff Services Project Plan  
and high level selection criteria

**Section 1 – Summary and Recommendations**

The purpose of the report is to seek authority to procure up to two contractors to support the collection of unpaid corporate debt but mainly regarding Council Tax, Business Rates and Parking PCN outstanding debts.

**Recommendations:**

Cabinet is requested to:

1. Permit the procurement of contracts with up to two suppliers with a value range between £3m to £4m over 5 years (£0.6m to £0.8m annually), for the collection of unpaid monies, service of legal notices and processing of warrants of arrest subject to demonstration of Best Value.
2. Authorise the procurement in accordance with EU public procurement rules and in accordance with Contract Standing Orders.
3. Delegate authority to the Corporate Director of Resources and Commercialisation, following consultation with the Portfolio Holder for Finance and Major Contracts, to award a contract for enforcement and collection services.

**Reason: (For recommendation)**

Current contracts for bailiff services expire on 30/09/2017. Currently two formal contracts exist for this service and this encompasses the collection of all Council income where the Council cannot collect it directly from the debtors itself.

Not procuring external partners would leave the authority with no means of collecting around £25m (£5m annually) of income over the 5 year contract period from unpaid local taxation, unpaid PCN's as well as other unpaid Council charges, which would impact adversely on the Council's budget.

**2.1 Introductory paragraph**

Income collection relies on internal and external actions. It needs to be conducted in a way that is appropriate and reasonable, taking into account the vulnerabilities of the debtors, which in turn need to be identified through cross-Council intelligence and data gathering. Harrow Council does not have internal enforcement agents (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. Procuring external partners will maximise income collection as well as front-end receipts.

Current contracts for enforcement agents (bailiff services) expire on 30/09/2017. As contractors collect in excess of £5m million annually, it is vital that the authority has contracts in place with external enforcement agents in order to maximise income collection and to minimise risk to the income streams. Historically two firms have been used and this report recommends the continuation of two contractors. There are significant benefits in procuring two firms to deliver a corporate collection service, i.e. capacity, performance, lower costs and competition between contractors.

Subject to approval, a restricted procurement procedure is proposed for the procurement of the enforcement agent's service and will be subject to EU public procurement law with the evaluation being based upon the most economically advantageous tender.

## **2.2 Cost of Service**

The standard service is expected to be free of charge to Harrow Council for the majority of the work (95%). This is because enforcement agents are expected to execute court orders and collect local authority monies in return for the set fees prescribed by legislation and chargeable to the debtors. Where this is not possible, it is anticipated that contractors will set out in their tenders the cost to the local authority. In this scenario, the cost will be borne by the services' existing revenue budgets for this specific purpose. Sufficient provision already exists for such anticipated costs.

## **2.3 Options considered**

The option of not appointing a contractor was considered but dismissed. This was because the authority cannot risk not collecting a sizeable percentage of its annual income without the support of enforcement agents.

Consideration was also given to setting up an in-house service. However the set up costs appear prohibitive and the service would also require sizeable running costs with no guarantee that in the short term the service would become self-funding.

## **2.4 Legal Implications**

**Duty of Best Value** - Under Section 3 of the Local Government Act 1999, Local Authorities are under a general Duty to secure Best Value services. The duty is to "make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness." The recommendations in this report will assist with the achievement of Best Value.

**Procurement** - The Services to be procured are subject to the new Public Contract Regulations that came into effect in February 2015. The value of the proposed Services is higher than the current EU financial threshold for Services and so the procurement and award of the contract is subject to the full application of the Public Contracts Regulations 2015. The procurement procedure to be followed is a restricted OJEU Process.

The award of any eventual contract is also subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations. As a result, Cabinet approval will be required for the award of the contract and a mandatory ten calendar day standstill period will be applicable to the contract award. An indicative timetable for the procurement based upon the restricted procedure is shown in Appendix 2.

An equalities impact assessment has been undertaken and completed. A potential for adverse impact has not been identified for this proposal within the predictive Equalities Impact Assessment attached at Appendix 1.

## **2.5 Financial Implications**

Local taxation and Parking PCN income make up a large percentage of the Councils' total annual budget. With Grant income diminishing and increasing reliance being put upon local income, Harrow must ensure it has the appropriate resources in place to guarantee income stability and the high in year collection rates we have achieved historically. Approving this report will ensure we achieve these objectives. Contracts awarded will be contained within existing revenue budgets.

## **2.6 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.

## **2.7 Environmental Impact**

There are no direct environmental impacts anticipated from the recommendations contained within this report.

## **2.8 Risk Management Implications**

Risk included on Directorate risk register? No  
Separate risk register in place? No

## **2.9 Equalities implications**

A predictive Equalities Impact Assessment has been undertaken for the proposed procurement and is attached at Appendix A to this report.

## **2.10 Corporate Priorities**

The report addresses the Council's corporate priorities as carrying out a procurement process will ensure resources are put in place so monies are collected allowing the Council to fund and pay for services.

## **Section 3 - Statutory Officer Clearance**

Name: Sharon Daniels



on behalf of the  
Chief Financial Officer

Date: 07 November 2016

Name: Patricia Davila



on behalf of the  
Monitoring Officer

Date: 07 November 2016

**Ward Councillors notified:** NO

**EqIA carried out:** YES

**EqIA cleared by:** Alex Dewsnap,  
Divisional Director,  
Strategic Commissioning

## **Section 4 - Contact Details and Background Papers**

### **Contact:**

Fern Silverio (Head of Service – Collections & Housing Benefits),  
Tel: 020-8736-6818 / email: [fern.silverio@harrow.gov.uk](mailto:fern.silverio@harrow.gov.uk)

### **Background Papers:**

None

**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee** NOT APPLICABLE

*[Call-in applies]*

