

## For General Release

<b>REPORT TO:</b>	<b>Cabinet 24<sup>th</sup> February 2020</b>
<b>SUBJECT:</b>	<b>Enforcement Agents Framework Award</b>
<b>LEAD OFFICER:</b>	<b>Jacqueline Harris Baker, Resources, Executive Director Shifa Mustafa, Place, Executive Director</b>
<b>CABINET MEMBER:</b>	<b>Councillor Hall, Cabinet Member for Finances and Resources Councillor King and Councillor Scott, Cabinet Member for Environment, Transport and Regeneration (Job Share)</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b> Enforcement Agents allow the Council to collect revenue for four areas; parking and traffic fines, council Tax and Business Rates, and seeks to achieve the maximum revenue possible for the Council as part of the delivery of a balanced budget.	
<b>FINANCIAL IMPACT</b> The financial impact for the Council for this 4 year framework for Enforcement Agents is to recover debt owed to the Council for parking, traffic contraventions, council tax and Business Rates. Without this service, the Council would not be able to recover a significant amount of debt owed to it. There is no cost to the Council for the provision of this service as the providers retain the statutory fees from debt collected. The value of the contract is £9.78 million.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: 0320CAB</b> This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

### **1. RECOMMENDATIONS**

- 1.1 The Cabinet is recommended by the Contracts and Commissioning Board to approve the award of the framework agreement for the delivery of Enforcement Agency Services split into Lots (Lot 1 – Collection of parking and traffic penalty charges and Lot 2 – Collection of council tax and business rates) in accordance with Regulation 28.4(c) of the Council's Contracts and Tenders Regulations for a

maximum contract term of 2 years, plus 1+1 years extension, to the suppliers stated in Part B of this report and for the expected debt collection value of £9.78 million.

## **2. EXECUTIVE SUMMARY**

- 2.1 The Council ensures compliance with Traffic and Parking regulations by issuing Penalty Charge Notices. It seeks to achieve high levels of compliance by maximising the enforcement of Penalty Charges where appropriate. The Council seek to ensure maximisation of unpaid Council Tax and Business rates by issuing Liability Orders for non or late payment. This enables compliance to enforcement activity and action to collect outstanding debt. Enforcement agents are required to collect revenue where Penalty Charges and Liability Orders have been issued through non-payment.
- 2.2 The framework is split into 2 lots with six providers to be appointed to each Lot. These are:
- Lot 1 – Collection of parking and traffic penalty charges
  - Lot 2 – Collection of council tax and business rates.
- 2.3 A procurement strategy was presented at CCB 13/4/17 with approval number CCB1243/17-18. The first procurement was abandoned following a challenge from an unsuccessful Tenderer.
- 2.4 In the procurement strategy (13/4/17) Lot 3 (Debt Collection Services) was referenced. Lot 3 (corporate debt) was procured separately due to the different nature of the service.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB ref. number</b>	<b>CCB Approval Date</b>
<b>CCB1551/19-20</b>	<b>30/01/2020</b>

## **3. DETAIL**

- 3.1 Croydon is a growing London borough with a population of 384,000, growing to an estimated 445,000 by 2031. The infrastructure required to support this growth is funded in part by increased revenue of Council Tax and Business Rates.
- 3.2 Alongside an increase in revenue, Croydon faces the following challenges:
- Over-indebtedness is on the rise

- More people getting into debt has a detrimental effect on health and adds further pressure onto other services such as Adult Social Care and Children's services.
  - Welfare reforms and the introduction of Universal Credit have had a detrimental effect on resident's ability to pay their household bills.
  - More people are being plunged into poverty year on year.
- 3.3 Revenue collected through external enforcement agents has been in the region of £2.5 million a year. Longer term, increasing demand for parking spaces and the introduction of new technology and parking schemes, is likely to increase the amount of revenue collected by both internal and external enforcement agencies.
- 3.4 There is a small team of internal enforcement agents collecting debt. There are plans to increase the size of the internal team to accommodate demand, including the in-housing of all in-borough debt.
- 3.5 There will always be a requirement for external enforcement agencies to collect debts, where the debtor lives out of the borough.
- 3.6 External Enforcement Agents collect debt at zero cost to the Council. Both Internal and External Enforcement Agencies charge the debtor the same fees, which are added to the original debt, and these are strictly in accordance with regulations laid down in statute.
- 3.7 The lifecycle of a parking debt is 12 months.
- 3.8 The Enforcement Agents framework and call off contracts have no cost the Council, providers retain any fees that are incurred and collected.

### **Procurement process**

- 3.9 The OJEU contract notice for this procurement exercise was published on 11<sup>th</sup> June 2019 with a closing date for receiving tender submission of 18<sup>th</sup> July 2019. The advertisement was also published on the Council's website and on Contracts Finder.
- 3.10 Each Lot was evaluated by the same evaluation panel and all tender submissions were evaluated against the published criteria. As there are no cost implications to the Council and the fees paid by debtors are laid down in statute, tenders were evaluated and scored on quality criterion alone. The weighting was 100% quality.
- 3.11 The suppliers were evaluated on:
- Resources
  - Capacity
  - Coverage
  - Safeguarding
  - Policies and Procedures
  - Quality Assurance

- Added Value
- Innovation
- Maximising Collection
- Social Value
- Technology
- Performance Management
- Recycling
- Contract Implementation and Management

3.12 The evaluation panel for both lots is detailed below:

- Head of Parking Services
- Strategic Collections Manager
- Risk & Corporate Programme Officer
- Moderator - Head of Commissioning and Procurement Place and Resources
- Moderator - Category Manager – Travel and Transport

3.13 Social value has been a key requirement with this award with the successful bidders demonstrating added services they can bring to the borough of Croydon. The following are commitments that have been given;

- Funding of apprentices
- Work placements
- Local sponsorships
- Donations to voluntary groups
- Local recruitment
- Sponsorship of professional learning and development
- Employment coaching

3.14 The scores against each lot were as follows:

	Lot 1 - Parking		Lot 2 - Corporate	
1	<b>Supplier A</b>	81%	<b>Supplier A</b>	83%
2	<b>Supplier B</b>	80%	<b>Supplier B</b>	80%
3	<b>Supplier C</b>	72%	<b>Supplier G</b>	80%
4	<b>Supplier D</b>	70%	<b>Supplier D</b>	73%
5	<b>Supplier E</b>	65%	<b>Supplier E</b>	68%
6	<b>Supplier F</b>	62%	<b>Supplier F</b>	63%

3.15 Once the providers have been awarded on the framework, there will be an initial equal allocation of work to all EA, the Tenderers will be ranked 1 to 6 plus internal team according to their performance at the end of 6 months (two review periods). This will enable the Council to decide which EA's receive fresh work and which recycled following the review. The top 3 performing EA's will receive fresh work and the bottom 4, recycled work.

## 4. CONSULTATION

- 4.1 There was no consultation for this decision as there is no change to the service.

## 5 PRE-DECISION SCRUTINY

- 5.1 The process for awarding the contract has followed set procurement rules and as such has not been considered by Scrutiny.

## 6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

### 6.1 Revenue and Capital consequences of report recommendations

#### Lot 1 – Parking & Enforcement

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Revenue Budget available</b>	£0	-£1,490	-£1,700	-£1,940
Expenditure				
Income				
<b>Effect of decision from report</b>	£0	-£1,490	-£1,700	-£1,940
Expenditure				
Income				
<b>Remaining budget</b>	£0	£0	£0	£0

#### Lot 2 – Council Tax & Business Rates

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Revenue Budget available</b>	£0	-£1,650	-£1,550	-£1,450
Expenditure				
Income				
<b>Effect of decision from report</b>	£0	-£1,650	-£1,550	-£1,450
Expenditure				
Income				
<b>Remaining budget</b>	£0	£0	£0	£0

6.1.1 To note that the figures listed above represent the estimated values of council debt recovered through the use of external enforcement agencies and do not include the amount of fees recovered by the agencies.

6.1.2 The debt recovered through external agencies for Lot 2 is expected to decrease as the council increases its use of internal enforcement agents.

6.1.3 The debt recovered through external agencies for Lot 1 is expected to increase. This is because in-borough Parking debt is already collected by the internal team, and the amount of out of borough debt collection, using external agencies, is expected to increase.

## 6.2 **Future savings/efficiencies**

Maximising income recovery provides more resources for the council to deliver services to its residents. Further increasing the size of the internal team allows the council to increase the income it receives in fees. The income figures in the tables above represent the anticipated value of income being collected within each lot.

## 6.3 **The effect of the decision**

Enforcement agents are a vital partner for the Council and the effect of the decision will enable the Council to maximise income recovery for outstanding Parking and Traffic Penalty Charges, Council Tax and Business Rates. The new contracts will allow Croydon to utilise the best external expertise to recover outstanding sums due. The external enforcement agents retain the statutory fees from debt collected. Any increase in the size of the in-house team will be funded from the additional fee income they collect, and are expected to return a net surplus to the council.

## 6.4 **Risks**

The risk to the council by not having effective arrangements in place is not collecting the income that it is owed. Like any other Council risk this will continue to be monitored through the Council's financial management processes.

## 6.5 **Options**

See section 12 below

Approved by: Ian Geary, Head of Finance, Resources & Accountancy

# 7. **LEGAL CONSIDERATIONS**

7.1 The Solicitor to the Council comments that there are no additional legal considerations arising directly from this report.

Approved by Sean Murphy, Director of Law and Governance and Monitoring Officer

## **8. HUMAN RESOURCES IMPACT**

- 8.1 There are no considerations in relation to staffing levels, restructuring/regrading, recruitment, employee relations, the Council's personnel policies or other human resources matter.

Approved by: Jennifer Sanker on behalf of the Director of Human Resources

## **9. EQUALITIES IMPACT**

- 9.1 An Initial Equality Analysis was undertaken to assess the potential the likely adverse impact the change would have on protected groups compared to non-protected groups.
- 9.2 The analysis concluded that a full equality analysis will not be required due to the fact that the change would not have any adverse impact on protected groups compared to non-protected groups.

Approved by: Yvonne Okiyo, Equalities Manager

## **10. ENVIRONMENTAL IMPACT**

- 10.1 The sustainability team has provided the standards expected from the enforcement agents as part of this contract, e.g sustainable travel as well as office procedures to reduce environmental impacts and appropriate questions were asked in the ITT.

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 There are no crime and disorder impacts from procurement.

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 The option to use a framework for Enforcement Agents was chosen because it gives the Council resilience in terms of service delivery.

## **13. OPTIONS CONSIDERED AND REJECTED**

Below are the options considered and rejected for the Enforcement Agents procurement:

Description	Main Advantages	Main Risks	Decision
Do Nothing	Avoid costs associated with procurement exercise	The Council has a requirement for external EA's for Lot 1 & Lot 2. Without the support of external EA's debt wouldn't be collected resulting in lost income to the Council  No contractual protection regarding liabilities of debt collection	Not an option
Shared Service with another borough	Avoid costs associated with procurement exercise  Ability to control resourcing requirements and have direct input in to performance led campaigns	Initial financial risk.  Important that the correct levels of due-diligence, both in terms of compliance and levels of performance are carried out before the Shared Service offering is implemented.  Delay in initial operational set-up and recruitment of staff could impact in the rates of debt collection	Not an option
Run Mini Competition on YPO's DPS for Enforcement Agents	Cheaper option then running a full tender process with providers pre-qualified	This option has been explored and discounted as doesn't align to Croydon's ranking methodology	Not an option unless Croydon drops to 3 suppliers
Insourcing using new 'in house' service with the support of external agency's to collect out of borough debt	Ability to control resourcing requirements and have direct input in to performance led campaigns  Vital additional income stream for the Council	Putting in place appropriate systems and processes	Recommended

## 14. DATA PROTECTION IMPLICATIONS

### 14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

**YES** - Lot 1 and 2

The details of a resident or business will be passed to the relevant enforcement agent based on a Single File Transfer. The information contained will included, but not be limited to:

Name of the debtor

Address associated with the debtor

Outstanding debt owed

Address associated with debt (might be different from last known address)

LBC reference number

Ctax/Business Rates original liability amount (Lot 2)

Year of debt

Type of debt

Registration details and details of penalty charge notice (Lot 1)

Names

Addresses last associated with a debtor

Contact details (phone/email)

Debt owed

Potential financial details being shared if available

Vulnerability status for a debtor

Household composition

Business parties associated with a business/property

#### 14.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

**Yes – Lot 1 and 2**

Approved by: Sarah Randall/Catherine Black on behalf of Steve Iles and Lisa Taylor

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**CONTACT OFFICER:** Sarah Randall/Catherine Black

**BACKGROUND DOCUMENTS:** None