

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon, Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 26 APRIL 2018

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 8 May 2018** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

Reasons for these decisions: are contained in the Part A report as attached

Other options considered and rejected: are contained in the Part A report as attached

Details of conflicts of Interest declared by the Cabinet Member: none

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

CABINET MEMBER'S KEY EXECUTIVE DECISION REFERENCE NO.: 0818FT

Decision Title: Framework Agreements for Enforcement Agency Services:

Lot 1 - Enforcement Agency Services for the Collection of Parking and Traffic Penalty Charges

Lot 2 – Enforcement Agency Services for the Collection of Council Tax and Business Rates

Having carefully read and considered the Part A report, the associated confidential part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council

RESOLVED:

1. In consultation with the Leader, approve the award of the following two framework agreements for Enforcement Agency Services to the successful Tenderer's upon the terms detailed in the associated Part B report for a term of two years with the option to extend up to two further years.
2. Lot 1 - Enforcement Agency Services for the Collection of Parking and Traffic Penalty Charges

3. Lot 2 – Enforcement agency services for the collection of Council Tax and Business Rates
4. Note that the name of the successful Contractors will be published upon conclusion of the standstill period required under regulation 87 of the Public Contract Regulations 2015.

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 8 May 2018** (5 working days after the decisions were made) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or
 - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Jim Simpson by the deadline stated in this notice. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor, this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.
9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.

10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
13. The response shall be notified to all Members of the Scrutiny and Overview Committee
14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. URGENCY: The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Director of Law and Monitoring Officer.

Date: 27 April 2018

Contact Officers: victoria.lower@croydon.gov.uk

PROFORMA

**REFERRAL OF A KEY DECISION TO THE
SCRUTINY AND OVERVIEW COMMITTEE**

For the attention of: Victoria Lower, Democratic Services & Scrutiny
e-mail to
Victoria.lower@croydon.gov.uk

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

**Information required to assist the Scrutiny and Overview Committee to consider
the referral:**

Signed:

Date:

Member of _____ Committee

For General Release

REPORT TO:	Cabinet Member for Finance and Treasury 19 April 2018
SUBJECT:	Framework Agreements for Enforcement Agency Services: Lot 1 - Enforcement Agency Services for the Collection of Parking and Traffic Penalty Charges Lot 2 – Enforcement Agency Services for the Collection of Council Tax and Business Rates
LEAD OFFICER:	Richard Simpson, Executive Director of Resources & S151 Officer
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT

The Enforcement Agency Services Framework's play a significant role in addressing the Council's enabling function within the Corporate Plan.

The Council as an Enabler: Making best use of our powers for economic growth

The ability of the Council to effectively and efficiently increase revenue by leveraging both its debt recovery and revenue collection powers contributes to the delivery of all of the Council's Corporate Plan priorities and value for money.

AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:

We are doing this to enable the Council use the full extent of its powers to deliver economic growth. The Council has a duty to recover all outstanding sums of Parking and Traffic Penalty Charges, Council Tax and Business Rates in order to strengthen its financial ability in delivering key services for the Croydon community.

FINANCIAL IMPACT:

There is no financial impact to the London Borough of Croydon. Enforcement Agency Services are funded from debts recovered.

KEY DECISION REFERENCE NO.: 0818FT

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 & Strategic Overview Committee by the requisite number of Councillors.

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

1. RECOMMENDATIONS

The Cabinet Member for Finance and Treasury is recommended to:

5. in consultation with the Leader, approve the award of the following two framework agreements for Enforcement Agency Services to the successful Tenderer's upon the terms detailed in the associated Part B report for a term of two years with the option to extend up to two further years.
6. Lot 1 - Enforcement Agency Services for the Collection of Parking and Traffic Penalty Charges
7. Lot 2 – Enforcement agency services for the collection of Council Tax and Business Rates
8. note that the name of the successful Contractors will be published upon conclusion of the standstill period required under regulation 87 of the Public Contract Regulations 2015.

2. EXECUTIVE SUMMARY

2.1 The strategy report for Enforcement Agency Services was approved by the Contracts and Commissioning Board on 15 June 2017: CCB1243/17-18.

2.2 The original strategy approved by CCB was for a framework agreement consisting of three (3) Lots. The framework lots were as follows;

- Lot 1 - Enforcement agency services for the collection of parking and traffic penalty charges
- Lot 2 – Enforcement agency services for the collection of Council Tax and Business Rates
- Lot 3 – Debt collection services for the recovery of overpayments of housing benefit, former tenant arrears, other sundry debts and expired parking warrants

2.3 Lot 3 is a Service Contract falling within the Light Touch Regime as set out in Public Contracts Regulations 2015 (PCR 2015) whilst Lots 1 and 2 are Concession Contracts coming under the Concession Contracts Regulations 2016 (CCR 2016). After CCB approval the decision was taken to run a separate procurement exercise for Lot 3 (Debt Collection Services).

2.4 The procurement exercise for Lot 3 has already concluded and the contract awarded under Delegated Decisions Authority.

2.5 The framework agreements which are the subject of this report consists of two Lots namely

- Lot 1 Enforcement Agency Services for the Collection of Parking and Traffic Penalty Charges and

- Lot 2 Enforcement Agency Services for the Collection of Council Tax and Business Rates

2.6 The framework's and resultant call-off contracts will be awarded for an initial period of two (2) years with option to extend up to of two (2) further years as per the Official Journal of the European Union (OJEU) notice (Ref:2017/S 226-471013).

2.7 This reports details the procurement process and recommends the appointment of the Contractors to each framework.

2.8 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
18/04/18	CCB1343/17-18

3. DETAIL

Background

- 3.1 The Parking Services Division and the Income & Benefits Division both require the services of Enforcement Agencies. These services are provided to the Council without cost and charges to the debtor are made strictly in accordance with regulations laid down in statute.
- 3.2 All monies collected are paid at 100% against the initial compliance fee then on pro rata basis against the enforcement fees (lot 1) and Council debt (lot 2) until the debt has been cleared.
- 3.3 Lot 1 - at the end of December 2017 Parking Services had received income of £454,043.86 from Enforcement Agents which is 10.54% of the total Penalty Charge Notice income.
- 3.4 Lot 2 - Enforcement Agents will have collected in excess of £1.4m in respect of Council Tax and Business Rates for the Council by the end of the financial year 2017/18.
- 3.5 The normal lifecycle of a parking debt is 12 months while there is no time limit for the collection of council tax and business rates debts.

Procurement process

- 3.6 As the procurement was for 'Concession Services' with an estimated value in excess of the OJEU concession threshold, the procurement process had to comply with EU legislation and in accordance with Concession Contracts Regulations 2016 Regs. 30 & 38 ("CCR 2016"). Therefore in accordance with the regulations and as per the agreed procurement strategy, an Open Tender procedure was used.

3.7 The OJEU contract notice for this procurement exercise was published on 23 November (20172017/S 226-471013) with a closing date for receiving tender submission of 4 January 2018. The advertisement was also published on the Council's website and on Contracts Finder.

3.8 Each Lot had its own 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.

3.9 The evaluation panel for each Lot is detailed below:

Lot 1

- Customer Services, Policy & Performance Manager
- Debt Recovery and Adjudication Team Leader
- Service Delivery Officer
- Procurement Officer - Moderator

Lot 2

- Senior Income & Debt Project Manager
- Strategic Collections Manager
- Enforcement Manager
- Procurement Officer – Moderator

Lot 1 – Parking Services

3.10 Twelve (12) tender submissions were received and two submissions were rejected as they failed to obtain the minimum score for a number of responses as outlined in the scoring methodology declared in the Invitation to Tender.

3.11 Parking Services have used a number of different methods of allocating work to enforcement agents in the past and have found the most productive one in terms of financial return has been that which has a panel (framework) of 6 contractors whereby contractors are incentivised on a rotational basis, so that the best performers are rewarded with work. This also aligns with the statutory requirement that a timescale for enforcing an outstanding warrant is 12 months.

3.12 For the reason given above, the procurement documents made it clear that only the 6 Tenderers that achieved the highest score would be offered a place on the framework for Lot 1.

3.13 The table below gives details of the 6 Tenderers that scored the highest and will be awarded a place on the framework for Lot 1.

Quality Criteria	Weighting	Tenderer A	Tenderer B	Tenderer C	Tenderer C	Tenderer E	Tenderer F
Resources	10%	8.00%	8.00%	8.00%	10.00%	6.00%	6.00%
Capacity	10%	8.00%	8.00%	8.00%	6.00%	6.00%	6.00%
Coverage	10%	8.00%	8.00%	8.00%	6.00%	8.00%	6.00%
Customer Engagement	7%	5.60%	5.60%	4.20%	4.20%	5.60%	5.60%

Complaints Handling	5%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%
Council Relationship	5%	4.00%	2.00%	4.00%	3.00%	2.00%	3.00%
Added Value	5%	5.00%	4.00%	3.00%	4.00%	3.00%	3.00%
Innovation	12%	8.00%	9.60%	7.20%	8.00%	7.20%	7.20%
Maximising Collection	12%	8.60%	7.20%	8.60%	7.20%	8.60%	7.20%
Social Value	4%	2.40%	1.60%	2.40%	2.40%	1.60%	3.20%
Performance	5%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Recycled Work	5%	3.00%	3.00%	3.00%	3.00%	3.00%	2.00%
Technology	5%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Back Office Systems	5%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Total	100%	75.60%	70.00%	69.40%	65.80%	63.00%	61.20%

3.14 The table below details the scores achieved by the Tenderers who will not be offered a place on the Framework.

Tenderer	Quality
Tenderer G	61.00%
Tenderer H	60.80%
Tenderer I	59.80%
Tenderer J	59.00%
Rejected (failure to achieve minimum score)	
Tenderer K	44.20%
Tenderer L	41.60%

3.15 The outcome of the tender will produce a panel of six contractors who will be responsible for the collection of Traffic Charges & Parking Debt for Lot 1.

3.16 Work will initially be allocated on the basis of the top six Tenderers ranking. The top three will be allocated 40%, 30% and 30% of available work respectively. The fourth, fifth and sixth ranked contractors will be allocated recycled work as and when available. These initial rankings are expected to change over the duration of the contract as contractor performance becomes the determining factor.

Lot 2 – Council Tax & Business Rates

3.17 Fourteen tender submissions were received and one tender submission was rejected as it failed to obtain the minimum score for a number of responses as outlined in the scoring methodology declared in the Invitation to Tender.

3.18 Council Tax and business rates have an incentivised method of work allocation based on the three highest scoring tenderers. Outstanding debts are not subject to the same time restrictions as the collection of Parking debt and

previous experience has found that a three way split while later rewarding the highest performer with more work has been the most productive method of work allocation for the Council.

3.19 Therefore for the reason given above, the procurement documents made it clear that the only the three Tenderers that achieved the highest score would be offered a place on the framework for Lot 2.

3.20 The table below gives details of the three Tenderers that scored the highest and will be offered a place on the framework for Lot 2.

Quality Criteria	Weighting	Tenderer A	Tenderer B	Tenderer C
Provision of Service	9%	7.20%	9.00%	7.20%
Innovation Initiatives	10%	8.00%	8.00%	8.00%
Improving Performance	5%	4.00%	3.00%	4.00%
Policies and Procedures	10%	7.40%	6.80%	6.80%
Customer Engagement	9%	7.20%	6.00%	7.20%
Contract Implementation and Management	10%	7.00%	8.00%	7.00%
Resource Capability	15%	10.00%	10.00%	11.00%
Coverage	10%	8.00%	8.00%	8.00%
Internal Performance Management	8%	6.40%	5.60%	5.60%
Social Value	4%	3.20%	3.20%	2.40%
Technology	10%	7.40%	7.40%	7.20%
Total	100%	75.80%	75.00%	74.40%

3.21 The table below details the scores achieved by the other Tenderers who will not be offered a place on the Framework.

Tenderer	Quality
Tenderer D	71.60%
Tenderer E	71.20%
Tenderer F	67.40%
Tenderer G	66.40%
Tenderer H	65.60%
Tenderer I	61.00%
Tenderer J	58.80%
Tenderer K	56.60%
Tenderer L	55.80%
Tenderer M	50.00%
Rejected Tenders (failure to meet minimum scores)	
Tenderer N	24.40%

3.22 The outcome of the tender will produce a panel of three contractors who will be responsible for the collection of Council Tax and Business Rates.

3.23 Work will initially be split equally between the three contractors, following which the volume of work they receive over the life time of the contract will depend on their performance.

4. CONSULTATION

4.1 N/A

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue

As detailed in 3.3 and 3.4 Parking Services at the end of December 2017 had received income of £454,043.86 from Enforcement Agents. In respect of Council Tax and Business Rates, Enforcement Agents will have collected in excess of £1.4m for the Council by the end of the financial year 2017/18. It is anticipated that Enforcement Agents will continue to collect in excess of £2m per annum for Croydon for the duration of the contract.

This contract award does not guarantee any levels of work. Liability orders in respect of Council Tax and business rates are dependent on non-payment. Parking warrants generated will be dependent on the number of tickets issues in respect of parking contraventions and whether they are paid before the offence has reached the warrant stage or not. This is the point at which enforcement agents can be instructed to recover the debt.

2 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 maximize income recovery for outstanding Parking and Traffic Penalty Charges, Council Tax and Business Rates. The new contracts will allow Croydon to utilize the best external expertise to recover outstanding sums due. Costs of the external enforcement agency service are charged to the debtor, and not the Council.

This contract looks to maximize collection for the Council while minimizing the impact to the debtor by consolidating recovery action wherever possible. For Revenues (Council Tax and business rates) , liability orders will be auto-allocated to the enforcement agent that may already have a liability order for a previous year, so if 4 liability orders are with one agent and a 5th is granted, it will be allocated to the same enforcement agent. Of the three successful bidders for Revenues, two were also successful in the contract award for Parking. So any liability orders or warrants they have for the same debtor will automatically be linked as one case and recovery action will be consolidated on the entire debt outstanding.

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 Risks

The Council is keen to utilize the services of the successful enforcement agencies as soon as possible to maximize income.

4 Options

Not using an external enforcement agency service would see the Council lose income that it is owed. This framework will operate in conjunction with the Council's internal enforcement agency service.

The contract award for each framework is for two years with the option to extend for up to two further years.

5 Future savings/efficiencies

Maximizing income recovery provides more resources for the council to deliver services to its residents.

Approved by: Ian Geary, Head of Accountancy

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Council Solicitor comments that the procurement process as detailed in this report is in accordance with the Council's Tenders and Contracts regulations and the Council's duty to secure best value under the Local Government Act 1999.

Approved by: Sean Murphy, Head of Commercial and Property Law & Deputy Monitoring Officer, on behalf of the Director of Law & Monitoring Officer

7. HUMAN RESOURCES IMPACT

7.1 There are no immediate human resource impacts arising from this report.

Approved by: Sue Moorman on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

8.1 An Initial Equality Analysis was undertaken to assess the likely adverse impact on protected groups compared to non-protected groups. The analysis concluded that a full equality analysis will not be required because the change will not have a significant impact on groups that share a protected characteristic (compared to non-protected groups).

8.2 All of the Enforcement Agents adhere to the Council's new Enforcement Agents Code of Conduct and aligns with the Ministry of Justice best practice as well as the Civil Enforcement Agency Code of Conduct which is the national standard for Enforcement Agencies. The Council's Code of Conduct covers initial contact, dealing with vulnerable customers, visits, payments etc and provides assurance that the customer is treated fairly, with dignity and respectfully during the debt recovery process and that debt is collected in the correct manner

9. ENVIRONMENTAL IMPACT

9.1 There are no direct impact on environmental considerations.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There will be no direct impact on crime and disorder.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 Following the evaluation of tenders, award recommendations are being made relating to the Tenderer's who offered the most economically advantageous tenders.

12. OPTIONS CONSIDERED AND REJECTED

12.1 No other options are being considered.

CONTACT OFFICER:

Name:	Patrick Hall
Post title:	Income and Debt Senior Project Manager
Telephone number:	07534242681