

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - Resources****Corporate Services Committee: 24 May 2023**

Subject: Debt Management Partners**1. Purpose**

- 1.1** To seek approval to commence a tendering exercise during 2023 for Debt Management Partners to assist with the Council's overall debt recovery processes.

2. Recommendations

- 2.1** Members are asked to agree:

- i) that a tender exercise in line with the Public Contracts (Scotland) Regulations 2015 and Council Standing Orders will be undertaken to procure Debt Management Partners for the provision of: Debt Management services and Sheriff Officer services ; and
- ii) That subject to the successful tender being in line with budget and otherwise in line with the tender requirements, the Chief Officer: Regulatory and Regeneration may, after consultation with the Chief Officer: Resources, award the contract on the basis of the most economically advantageous tender for an initial 3 year period with further two potential 12-month periods at the sole discretion of the Council.

3. Background

- 3.1** After the last tendering exercise, Walker Love were appointed as the Council's Debt Management Partners and Sheriff Officers for an initial 3 year contract period to be extended thereafter for 2 one year extensions at the Council's discretion, which have been exercised. The current contract will expire on 31st March 2024.

- 3.2** Our current debt partner uses various strategies to recover outstanding arrears for Council Tax, Non Domestic Rates (NDR), Former Tenant Rent Arrears & Sundry debts. These include:

- Debt Profiling
- Lettering & Telephony
- Customer Visits
- Earnings/Bank Arrestment
- Attachments (commercial premises for NDR)

- Bankruptcies (Profiled/highly selective by WDC & Debt Partner)

3.3 A summary of activities undertaken with our Debt Partner during the financial year 2022/23 is highlighted below:

- 6,095 Council Tax and NDR debt cases totalling £6.83M passed
- 5,111 Charge for Payments/Debt Advisor visits
- 1,005 earning arrestment's lodged
- 2,706 bank arrestment's
- Various diligences in respect of rent arrears & decrees for sundry debts

3.5 In 22/23, joint working with our Debt Management Partners secured revenue of approximately £2.16M towards Council Tax, NDR, Former Tenant Rent Arrears & Sundry debts,

3.6 The current contract is based on zero percentage commission on all debt types, however, one percentage commission is payable on the amount of Council Tax debt collected above £1,000,000. The commission is only paid on the amount of Council Tax collected above this amount by the Debt Management Partners and Council Tax collection figures are included in the total collected figure at 3.5. The collection and commission for 2022/23 has still to be finalised due to year end reconciliations, however this is expected to be approx. £8K.

4. Main Issues

4.1 The practice of the Council is to seek to maximise the recovery of corporate debts using specialist in-house staff in the Corporate Debt Team within the Revenues and Benefits section. The Council requires the services of a Debt Management Partner to compliment the internal debt recovery services; and Sheriff Officers to enforce execution of certain diligences. The volume of work passed to our agents will be contained within any approved budgets.

4.2 It is proposed that this contract will be split into 2 distinct lots:

- Debt Management Partners and recovery activities;
- Enforcement and diligence services (Sheriff Officer's duties)

The Council's in house Corporate Debt Team will control and monitor the process throughout. Suppliers will be invited to apply to provide the requested services and it is possible for the Debt Management Partners to also undertake the Sheriff Officer role.

4.3 The contract duration would be for 3 years commencing on 1st April 2024. The Council reserves the right at it's discretion to extend the contract on an annual basis for a maximum additional period of 2 years.

4.4 Invitations to tender (ITT) will be submitted after advertising our requirements and responses evaluated. The successful bids will be presented to members at a future Tendering Committee meeting for approval.

5. People Implications

5.1 There are no personnel issues.

6. Financial and Procurement Implications

Financial

6.1 The Council's ability to deliver services which meet the needs of the citizens and current financial restraints experienced by the Council depends heavily of the success in collecting revenues. Debt Management Partners contribute significantly to the overall income stream and cash flows.

6.2 The cost of debt management, in house including our debt management partners, is expected to be contained within existing budgetary provision for these services. However, should the percentage rate increase from the current zero percent, this will be offset against the income collected by the Debt Management Partners.

Procurement

6.3 All procurement activity carried out by the Council in excess of £50,000 is subject to a contract strategy. The contract strategy for Debt Management Partners will be produced by the Corporate Procurement Unit in close consultation with Revenues & Benefit officers. The contract strategy shall include but may not be limited to; contract scope, service forward plan, the market, procurement model and routes – including existing delivery vehicles, roles and responsibilities, risks, issues and opportunities and ongoing contract management.

6.4 The Debt Management Partners will contribute to delivery of the Council strategic priorities through efficient and effective frontline services that improve the everyday lives of residents. Further opportunities to maximise the positive social, economical and environmental impact for West Dunbartonshire through the contract will also be explored, e.g. through the use of Community Benefit Clauses.

7. Risk Analysis

7.1 The provision of debt management and Sheriff Officer services will provide the Council with the resources and legal means to take reasonable steps to recover corporate debts.

8. Equalities Impact Assessment (EIA)

8.1 The proposal has been screened and Impact Assessed as it was identified as relevant to equalities. The current impact assessment builds on that carried out in 2018, when the service was last out for tender. The process identified no likely differential impacts, either negative or positive.

8.2 From an equalities perspective the proposal is therefore acceptable, and would continue to help us provide accessible and fair services.

9. Strategic Environmental Assessment (SEA)

9.1 There is no requirement to carry out a SEA

10. Consultation

10.1 The tendering process will be undertaken with the guidance and assistance of staff in Corporate Procurement together with our legal services.

11. Strategic Assessment

11.1 The practice of employing Debt Management Partners will support the Council's strategic policy of improving economic growth.

11.2 In the wider context it will ensure best value in improving overall debt collection rates and contribute to sound financial management in the current difficult economic times.

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Date 17 April 2023

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Appendices: None

Background Papers: EIA screening

Wards Affected: All council Wards.