



NORWICH City Council

Committee name: Cabinet

Committee date: 11/09/2024

Report title: Supply of Enforcement Agents/Debt Collection Services to Norwich City Council

Portfolio: Councillor Kendrick, Cabinet member for an open and modern council

Report from: Head of Revenues and Benefits

Wards: All wards

OPEN PUBLIC ITEM

KEY DECISION

Purpose:

To maximise the collection of debts through the effective use of all available recovery options, by ensuring a high-quality enforcement agent/debt collection service is delivered that provides valuable income to the council.

Recommendation:

It is recommended that Cabinet approves the awarding of a contract to both Jacobs and Marston (Holdings) Ltd to supply Enforcement Agents/Debt Collection services to the council.

Policy framework

The council has five corporate priorities, which are:

- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.
- A future-proof Norwich.
- An open and modern council.

This report meets the A Fairer Norwich and An open and modern council corporate priorities.

Background

1. The council currently uses Enforcement Agent/Debt Collection services as one option available for the collection of debts owed to it.
2. It is necessary to revisit the current council-wide arrangements to deliver best value in this area, and to ensure that this recovery option is used ethically and fairly.
3. Across the council service areas have had separate contracts for the provision of this service, and the services have agreed to bring the contracts together from 1 October 2024.
4. Services are mindful of individual circumstances. Vulnerability is individual to the debtor, and not necessarily permanent. The council expects the supplier to recognise vulnerability and have procedures in place to support debtors.

Options

5. The council could have continued with the delegation of the enforcement function for Council Tax, Business Rates and Sundry Income to Breckland Council (ARP) for the service currently provided, however this would mean that separate contracts would be needed for debts outside of their remit and for the out of area debts. Best value has not been tested for 6 years and any added value/ social value had not been assessed against competitors for the service.
6. The council can contract with more than one supplier, which will allow cases to be recycled between the chosen suppliers. This may improve the potential collection of all types of debts.

Expected benefits

7. As part of the recent tender process, suppliers were given the opportunity to advise how they operate ethically and fairly, and how they will deliver such service to the council. It was especially encouraging to see how this service can be seen to be an extension of the work the council undertakes to support debtors, and how the suppliers work with debt charities and agencies. Much contact is done up front before there are any visits and fees added, which gives the debtor more opportunity to discuss and address their situation.
8. Areas where the suppliers focussed on added value and social value were:

Welfare and Support Teams	Sponsoring warm places	Translation services	Income/Expenditure analysis
Use of debt protocols and NCAN	Early intervention	Pre-compliance before adding fees	Debt clinics
Single View of Debt (linking debts and only	Working with Debt/Advice	Holding debt surgeries and	Training for Members and Officers

charging 1 set of fees)	Agencies and Charities	cost of living roadshows	
Ethical code of business and conduct	Client portal	Real time suspension of cases	Well-being advice surgeries
Social plan that aligns with We are Norwich	Foodbank donation	Free debt collection services	Use of specialist solicitors for complex cases
Fund Institute of Revenues, Rating and Valuation Forum membership	Support Community projects	If troughs in workload will have additional training or volunteering	Financial support for apprenticeships
Hardship funding	Capital funding annually	Vulnerability indicators using technology - listening for specific words during conversations and passing debtors immediately to welfare teams	

9. Bringing contracts together under a single contract manager will provide more opportunity to manage and monitor supplier performance as well as ensuring the added value and social value is achieved.
10. A wider network of Enforcement Agents may improve collection of debt for out of area debts.
11. The contract will run for an initial period of 2 years, with the ability to extend for a further 2 years . This will allow the council to revisit the contract should it be felt necessary to change suppliers after the initial 2-year period.
12. Knowing that more than one supplier is being used can encourage good performance on collection. Debts can be recycled between the suppliers who may have more success in collection than the other.

Consultation

13. The cabinet members' for An open and modern council and A fairer Norwich have been consulted on the procurement exercise.
14. Both members have been advised of the tender responses and the added value that we can achieve under these new contracts.

Implications

Financial and resources

15. The ability to use Enforcement Agents to recover debt can be seen as a deterrent to avoidance of paying a debt owed. The council prefers to use enforcement as a matter of last resort, to target those that won't pay their debts rather than those that can't pay due to their current financial circumstances, or those that refuse to make contact.
16. The council's approach to debt is to encourage customers to discuss their debts owed to the council at an early stage, and to seek support and advice before their situation worsens. For some, debt is ignored and can then lead to other issues that can affect mental health and well-being.
17. Contact from an Enforcement Agent will often be the catalyst to a debtor actually seeking help, and advice agencies would prefer that the council makes contact as early as possible with a debtor to avoid debt accumulating and becoming a much greater problem.
18. Exiting the pandemic, during which debt recovery was paused, many councils took a softer approach to recovering debt, and with recovery not starting in full until the start of the 23/24 financial year, this has contributed to longer term financial problems for debtors as their debts continued to rise year on year.
19. The council is currently undertaking a Debt Recovery project across all debt types and has been largely successful in contacting debtors and securing payments in full or receiving offers to pay, however some debtors are not willing to engage and enforcement action is a useful option to use in these cases.
20. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Community Led Plan and budget.
21. The aim of this proposals is to increase resources by collecting debt owed to the council having due regard to a debtors circumstances. The volumes passed to Enforcement Agents/Debt collectors in the previous 2 years can be seen at Appendix A.
22. The service from suppliers is provided at no cost to the council for most debts because the Enforcement Agencies' income is derived from the statutory fees charged to debtors and collected and retained by the Agencies. These fees are shown at Appendix B.
23. For those debts not covered by the Taking Control of Goods (TCOG) Fees Regulations 2014, suppliers were invited to advise on any % fees/commission required and both successful bidders have advised there will be no costs to the council to collect these debts.

Legal

24. With effect from 6th April 2014, where a liability order is made, the Billing Authority may use an enforcement agent to take control of goods of the debtor concerned under the Taking Control of Goods Regulations 2014. Fees may be charged in accordance with the Taking Control of Goods Fees Regulations 2014.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	The council has a Public Sector Equality Duty. All enforcement action is taken on a case-by-case basis and is compliant with that duty.
Health, social and economic impact	Enforcement Agents are subject to strict controls and abide by regulations. Their Welfare Teams are alerted to a debtor with vulnerability or financial hardship. Cases will be returned to the council and fees waived. Breathing Space is abided by. Hardship funding is provided annually for certain cases up to a maximum amount.
Crime and disorder	N/A
Children and adults safeguarding	If an Enforcement Agent discovers a child at home alone, they will withdraw and return when an adult is present. If a vulnerable adult is identified safeguarding protocols will be instigated. All visits are recorded, and some agencies now record all calls.
Environmental impact	All of the tender responses were scored on social value, this included environmental impact such as using less gas, electricity, or fuel oil for heating buildings, reduced mileage or travel undertaken to complete tasks by using software to advise of the shortest route, increasing recycling of materials such as paper and contribute to climate change by moving to hybrid/electric vehicles, and using enforcement agents that live locally and don't have to travel far to start work.

Risk management

Risk	Consequence	Controls required
Financial risk	Failure to collect revenue owed could mean council services would need to be reduced.	Quarterly contract monitoring will allow the council to monitor performance via KPI's and evidence the benefits of using Enforcement Agents for those that are refusing to pay.
Reputational risk to the council	Failure to collect money from willful non-payers could mean others refuse to pay their debts	The council will monitor the social and added value elements of the contracts to ensure these elements of the contract are met.

Procurement

25. The new Enforcement Agency contract will commence on 01 October 2024 and will be for an initial term of two years followed by an extension period of two years until 30 September 2028.

26. An initial analysis was undertaken to explore the potential ways forward to procure the service. Routes such as not entering a contract were discounted due to the essential need for the service. The options are:

- (a) **Identify a single supplier to award the contract to without competition:** This route would be contrary to Contract Procedures as the value is over the £25k threshold. This option is **not recommended**.
- (b) **Establish competitively tendered contract with one supplier:** Run a competitive procurement exercise looking for a single supplier to meet the council's requirements. With existing frameworks active and available, it would be a duplication of efforts to pursue a contract via open tender. This option is **not recommended**.
- (c) **Utilise an existing framework:** Frameworks provided by Crown Commercial Services (CCS) and Yorkshire Purchasing Organisation (YPO) were explored. CCS has a compliant framework available for use by local authorities which the service area have deemed suitable. Suppliers have been through a competitive process to be accepted onto the framework and therefore Procurement Contract Regulations are met. This is the **recommended approach**.

27. Following the competitive process, using the CCS framework, Jacobs and Marston (Holdings) Limited have been selected as the preferred suppliers.

Reasons for the decision/recommendation

28. Cabinet is recommended to award the contract for the provision of Enforcement Agents/Debt Collection Services to Jacobs and Marston (Holdings) Ltd. This will allow the council to continue to use enforcement as a means of collecting outstanding debts when other recovery options have failed.
29. The contract will be managed by a contract manager and quarterly contract meetings will be undertaken to ensure the contract is delivering the expected benefits.
30. In the longer term this work will support the outcomes of the Debt project in bringing debt collection into a more single view of customer debt and will support customers with welfare support, advice and longer term will support their well-being by bringing debt under control.

Contact officer:

Name: Tanya Bandekar

Telephone number: 01603 987648

Email address: tanyabandekar@norwich.gov.uk

Appendices: Appendix A – Anticipated volumes and Amounts



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Appendix A

Anticipated Volumes and Amounts

The total amount of debt sent to the Council's current provider(s) in 2022/23 and 2023/24 is shown in the table(s) below:-

Year commencing	No. of Council Tax Debt Collection Cases	Amount
2022/2023	1285	£1,478,997.59
2023/2024	4556	£5,301,748.63
Overall Total	5841	£6,780,746.22

Year commencing	No. of Non-Domestic Rates Debt Collection Cases	Amount
2022/2023	154	£645,977.93
2023/2024	206	£879,806.91
Overall Total	360	£1,525,784.84

Year commencing	No. of Road Traffic Debt Collection Cases (PCN's)	Amount
2022/2023	1520	156,623
2023/2024	2009	207,524
Overall Total	3529	364,147

Parking has now moved to a contractor so the amount of work for parking debt is likely to be reduced.

Year commencing	Sundries AR Norwich City Council including Commercial Rents	Amount
2022/2023	0	0
2023/2024	0	0
Overall Total	0	0

We have restarted Sundry Debt arrears recovery. Owing to implementing a new

system we are unable to provide any details about likely volumes or monetary values.

Year commencing	Sundries- Markets repossessions	Amount
2023/24	2	n/a
Overall Total	2	n/a

Year commencing	Housing Income- Current and Former Tenant Arrears/ Voids/Repairs/Garages, Bays and Service Charges (may be included in Sundries above)	Amount £
2022/2023	0	0
2023/2024	0	0
Overall Total	0	0

We have restarted Former Tenant Arrears recovery and would estimate going forwards somewhere in the region of 70-100 cases for the first year. We are unable at this point to provide any details about monetary values.

Taking Control of Goods Fees

Compliance Stage	£75
Enforcement Stage	£235 + 7.5% of the debt that exceeds £1,500
Sale Stage fee	£110 + 7.5% of the debt that exceeds £1,500