

ABERDEEN CITY COUNCIL

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COMMITTEE	Finance and Resources
DATE	19 June 2012
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Request for Authority to Procure on Debt Collection Services
REPORT NUMBER:	CG/12/063

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1. PURPOSE OF REPORT

This report seeks the approval of the Committee to conduct a tender exercise for the provision of:

- (i) Debt Collection Services – Community Charge, Council Tax, Business Rates, Parking, Service Income, Housing Benefit Overpayments and Former Tenancy Arrears collection.

2. RECOMMENDATION(S)

It is recommended that the Committee approve:

- (i) the Recovery Manager, Revenues and Benefits in conjunction with the aligned Category Manager, Central Procurement Unit, conducting a competitive tendering exercise in line with Council Standing Orders, Financial Regulations and EU Legislation for the provision of Debt Collection Services;
- (ii) the award of a contract, following a fully compliant tendering exercise, to the bidder who submits the most advantageous tender in accordance with the award criteria stated in the Invitation to Tender and subject to the satisfactory conclusion of the contractual documentation.
- (iii) the contract be awarded for 4 years with an option to extend up to at least a further 1 year.
- (iv) the total estimated expenditure is approximately £800K annually as indicated in Section 3 Financial implications below.

### 3. FINANCIAL IMPLICATIONS

It should be recognised that, the debt collection service is provided at no cost to the Council as commission fees are paid from statutory penalties raised. Fees are only paid on sums collected to the Debt Collection Agents.

The anticipated value of the contract is approximately £800K annually although this depends on the value of debts passed to them for collection and the monies the Debt Collection Agents collect.

It is essential as an organisation we continue to pursue outstanding debts and have access to clear, impartial, professional, Debt Collector Services to maximise income for the Council.

### 4. OTHER IMPLICATIONS

The Council is committed to collecting outstanding income to improve and support Services for the citizens of Aberdeen.

The existing Debt Collection Agents have been the Council's collectors since 1989 through the evaluation and tendering process and they have improved collection on a yearly basis for the following debts

- Community Charge
- Council Tax
- Business Rates
- Parking
- Service Income
- Housing Benefit Overpayments
- Former Tenancy Arrears

The continued provision of a Debt Collection service demonstrates the Council's continuing commitment to collection at a strategic level.

### 5. BACKGROUND/MAIN ISSUES

The current contract for the provision of Debt Collection Services:

- (i) expires on 1 January 2013
- (ii) The option of extension for 12 month period has been utilised.

### 6. IMPACT

It must be recognised that the recovery and collection of outstanding income by the contractor should be seen as a seamless transition and extension of the Council's own operation. It is also important to recognise that the Council expects certain standards of operation in

terms of security of funds and customer care. The ability to actually undertake such a complex and large contract and to show commitment to invest in their people and systems are seen as important factors in ensuring that the Council maximises collection levels.

7. BACKGROUND PAPERS

None

8. REPORT AUTHOR DETAILS

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