

| | |
|------------------------|---|
| Cabinet Meeting | |
| Meeting Date | 30 October 2019 |
| Report Title | Procurement of external enforcement agents for the collection of Council Tax, National Non Domestic Rates and Parking Debts |
| Cabinet Member | Cllr Roger Truelove, Leader and Cabinet Member for Finance |
| SMT Lead | Nick Vickers, Chief Financial Officer |
| Head of Service | Nick Vickers, Chief Financial Officer |
| Lead Officer | Zoe Kent, Revenues and Benefits Manager |
| Key Decision | No |
| Classification | Open |
| Recommendations | 1. To approve the decision to appoint four companies for the collection of Council Tax, National Non Domestic Rates and Parking fine debts as per appendix I (restricted) |

1 Purpose of Report and Executive Summary

- 1.1 To consider the award of contract to four companies to collect unpaid Council Tax, Non Domestic Rates and Parking Fines. The contracts will complement the Mid Kent Enforcement Service collection of debts by collecting debts passed on from Mid Kent Enforcement Services when they need extra capacity and to collect out of area debts.
- 1.2 The procurement of the external enforcement agents has been carried out by Maidstone Borough Council on behalf of Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council. Each Council will have its own contract with each successful company.

2 Background

- 2.1 In 2014 new legislation covering the collection of unpaid Council Tax, National Non Domestic Rates (NNDR) and Parking Fines was brought in under the Taking Control of Good Regulations 2013. This new legislation made the enforcement of unpaid debts far clearer; the fees that may be charged were simplified making it far easier for the debtor to understand.

- 2.2 This opened up an opportunity for local authorities to consider bringing either part or all of their enforcement services back in house rather than using external enforcement agents.
- 2.3 The setting up of Mid Kent Enforcement Services (MKES) for the collection of debts across Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council was approved by the three Cabinets in 2015. The service commenced in 2016 and now collects debts for the three Mid Kent councils plus Dartford, Gravesham, Sevenoaks and Tonbridge and Malling Councils.
- 2.4 MKES is running effectively and distributed surpluses of £1m to the three Mid Kent Councils over three years.
- 2.5 In the collection of debt there are always debtors who live or move out of the area, or who are determined to try not to pay any of their outstanding debts. It would not be effective for MKES to collect debts outside of the Kent area. It is also necessary if debts are not collected by MKES to send them to an external company for collection.
- 2.6 In 2014 Maidstone Borough Council ran a joint procurement exercise on behalf of Mid Kent to procure companies for the collection of Council Tax, NNDR and Parking fines. This provided a pool of companies that could be used for the collection of the debts. Once MKES was set up the external companies have only been used after the debts have been sent to MKES.
- 2.7 As part of the procurement process all companies are required to supply information concerning how they deal with risks, quality assurance and accreditations and the welfare of vulnerable customers.

Table.1 Enforcement Collection

| Enforcement Type | Year | No of Cases | Council Tax | No of Case | NDR | No of Case | Parking |
|--------------------|---------|-------------|-------------|------------|----------|------------|---------|
| MKES | 2017/18 | 4020 | £454,145 | 101 | £108,982 | 1726 | £31,364 |
| External Companies | 2017/18 | 2597 | £355,178 | 2 | £6,177 | 1133 | £5,197 |
| MKES | 2018/19 | 3720 | £481,757 | 65 | £130,879 | 2090 | £38,675 |
| External Companies | 2018/19 | 1971 | £301,594 | 2 | £2,063 | 1270 | £7,646 |

As is clear from these figures the principal role of the external companies relates to Council Tax.

- 2.8 The contracts set up in 2014 are now up for renewal so Maidstone Borough Council has again run the procurement exercise on behalf of the Councils this time using the Procurement Hub to manage the procurement.

3 Proposals

- 3.1 It is proposed that four companies are taken on to collect Council Tax, NNDR and Parking fines across the Councils. As all debts now primarily go through MKES there is a reduction of companies available in the pool compared with the last tender exercise. The different services can select a company from the four that they will use after MKES for the collection of debts. Being part of the pool does not guarantee any work being sent to any of the companies.
- 3.2 The four proposed companies are named in Appendix I, this appendix is restricted due to the commercially sensitive information within the appendix.

4 Alternative Options

- 4.1 The Council could decide not to use enforcement agents for the collection of debt. This is not recommended because there will always be some debtors who will not pay until an enforcement agent knocks on their door. The enforcement agents are also trained to work with vulnerable people. On some occasions the council is only made aware that a person is vulnerable when an enforcement agent knocks on their door. In most cases the debt will then be returned to us for a more suitable type of collection.
- 4.2 The Council could decide to only use MKES. This is not recommended because it would limit the collection of out of area debts particularly for parking fines.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has taken place with the other two borough councils participating in the procurement.

6 Implications

| Issue | Implications |
|----------------------------------|---|
| Corporate Plan | A council to be proud of – improve residents’ perceptions and customers’ experiences. By bringing the service back in-house it should promote to residents that we are tackling debt whilst providing a better customer experience for residents. Strengthen our financial resilience – in providing the service in-house, income from the fees will come directly to the authority rather than to an external provider. |
| Financial, Resource and Property | Table 1 gives a breakdown of the amounts collected by both MKES and the external enforcement companies. As the grants received |

| | |
|---------------------------------------|---|
| | <p>from Central Government decrease it is imperative that all available methods are used for the collection of debts.</p> <p>There are a number of options available for the collection of Council Tax that will be used as prior to send debts to enforcement. Arrangements are set up or attachments to benefits and earnings. It is only if these options fail or no contact is made that enforcement agents are used.</p> |
| Legal, Statutory and Procurement | The regulations regarding debt recovery operations and the fees that debtors may be charged, are cited as The Taking Control of Goods (Fees) Regulations 2014 and statutory instrument: 2014 No. 1 Enforcement, England and Wales, Taking Control Of Goods, Commercial Rent Arrears Recovery. |
| Crime and Disorder | None |
| Environment and Sustainability | None |
| Health and Wellbeing | Enforcement agents' feedback information on residents they visit who may need to be signposted to other agencies for help. This will ensure that the Revenues and Parking teams within the council can ensure residents receive help where needed. |
| Risk Management and Health and Safety | By using both internal and external enforcement options it reduces the risk of the non-collection of debts. As a pool of companies will be used for the period of the contract, this enables the council to change companies where necessary if collection targets are not being met. |
| Equality and Diversity | None |
| Privacy and Data Protection | As part of the tender process all companies are required to provide details of how personal data is stored and processes that are followed and in place to protect data. |

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Restricted Appendix I: Provision of Enforcement Agents - recommendations