
Report To:	Policy and Resources Committee	Date:	24 May 2011
Report By:	Chief Financial Officer	Report No:	FIN/53/11/FB/AP
Contact Officer:	Fiona Borthwick	Contact No:	01475 712223
Subject:	Debt Management Partner Tender		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval for the Council to go out to Tender to appoint a Debt Management Partner. The current contract with Walker Love is due to expire on 31 March 2012. The contract covers the collection of debt in respect of Council Tax, Non-Domestic Rates, Sundry and Commercial and Industrial Rent.
- 1.2 The period of the contract will be from 1 April 2012 until 31 March 2015. The Council may wish, at its sole discretion, to exercise a right to extend any resulting contract for a further period of 12 months until 31 March 2016 subject to the mutual consent of the successful tenderer.

2.0 SUMMARY

- 2.1 Policy and Resources Committee approved the award of the current contract to Walker Love in February 2008. The contract was for the period 01 April 2008 to 31 March 2011 with the option to extend until 31 March 2012. This option was accepted by both parties but following this extension the Council is legally bound to go out to Tender.
- 2.2 The value of the tender is likely to exceed £250k during the life of the tender. Committee approval must be sought prior to any tender, of this value, being advertised as per Contract Standing Order 1.3. Following the proposed tendering exercise, Committee will be asked for approval to appoint a preferred bidder.
- 2.3 Committee should note that there have been legal challenges made to other Councils who have undertaken similar tendering exercise. These challenges have been based on the fact that some Sheriff Officers absorb fees for cases where diligence has been unsuccessful. Legal and Democratic Services will work with Corporate Procurement and the tendering service to mitigate the risk of a legal challenge to Inverclyde Council.

3.0 RECOMMENDATIONS

- 3.1 That the Committee give approval to go to Tender for the supply of Debt Management Services.
- 3.2 That Committee note the potential for legal challenge when the Tender is issued.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 Walker Love has been the Council's Debt Management Partner since 01 April 2008. The contract ran until 31 March 2011 with the option to extend until March 2012. This option was accepted by both parties but legally the Council cannot extend any further and must go out to Tender. The value of the tender is likely to exceed £250k during the life of the tender. Committee approval must be sought prior to any tender, of this value, being advertised as per Contract Standing Order 1.3. Following the proposed tendering exercise, Committee will be asked for approval to appoint a preferred bidder.
- 4.2 When the Tender document is placed in the Public Contract Scotland Portal it will detail the evaluation scoring methodology that will be used as part of the procurement process. The scoring will be based on the financial impact of the proposer along with other factors such as technical competence, experience in similar service delivery requirements and human Resource Implications. Company information will also be asked for to ensure that they comply with areas such as Financial Integrity, Health and Safety etc. The scoring will be based on 70% for price and 30% for the quality elements.
- 4.3 The Council can issue bills and reminder notice but legally require to use Sheriff Officers to perform diligence such as Charges for payment which must be delivered by hand by a Sheriff Officer. Inverclyde normally passes Council Tax debt to the Debt Management partner once the final reminder has been issued and it has been passed to Court for Summary Warrant. The contract will review the current timing of when the various debt types are passed to the Debt Partner with a view to performing more work in-house. This should save the Council on commission.

5.0 TENDER PROCESS/TIMESCALES

- 5.1 As the Tender is above the EU threshold for Goods and Services, there are statutory timelines that must be adhered to. This means that the process from placing the advert on the Public Contracts Scotland Portal to awarding the contract will take approximately 6 months. This includes the timescales to identify a preferred bidder to Committee and have their approval to award the contract.
- 5.2 The Council is aware that other Councils are having issues with legal challenges following the issue of their Tenders. The party making these challenges alleges that even where Councils and Sheriff Officers agree that the Debt Partner will absorb any costs where diligence is unsuccessful that this is illegal. Case law has not been established on this as yet as the first legal challenge is due to be heard in Court in June this year. Procurement and Legal Services have been alerted to this and will be involved at all stages of the processes to ensure that any such risk is minimised.

6.0 IMPLICATIONS

- 6.1 Financial – The current contract has very competitive commission rates and in the current economic climate it is highly likely that rates will increase. To mitigate this the Council is reviewing the balance of debt progressed by the Council and the successful tenderer.
- 6.2 Legal – Potential for legal challenge over non payment of fees where there has been unsuccessful diligence. Procurement and Legal and Democratic Services will be involved at all stages in the tendering process.