

Finance and Resources Committee

10.00am, Thursday, 28 November 2013

Appointment of Contractor to undertake legal recovery work for Council debt

Item number	7.4
Report number	
Wards	All

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

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Executive summary

Appointment of Contractor to undertake legal recovery work for Council debt

Summary

This report seeks the approval of the Finance and Resources Committee to appoint Morton Fraser to undertake external legal work related to the recovery of Council debt.

To ensure that the Council receives a consistent and best value service a procurement process has been completed to bring all debt related legal work under one external provider. This process invited submissions from firms on the Council's legal framework.

The Commercial and Procurement Unit undertook a mini tender exercise and two legal firms submitted bids. These were evaluated using a 30% quality and 70% price matrix, based on an indicative caseload. The preferred bidder in this exercise was Morton Fraser.

The proposed contract to Morton Fraser will be awarded for a two year period, with the potential for a further one year extension. The estimated total value of the legal contract, including any potential extension, is £600k. This spend is responsible for progressing recovery of approximately £3m of sundry debt and £1.5m for NDR/Council Tax per annum.

Recommendations

It is recommended that the Finance and Resources Committee:

1. Approve the appointment of Morton Fraser to undertake external legal work related to the recovery of Council debt.

Measures of success

A range of performance measures will be agreed with Morton Fraser to monitor spend per case, spend against outcome and spend per service area. These will be monitored on a weekly basis and reported to relevant management teams.

Financial Impact

As part of the overall debt recovery activity a saving of approximately £100k per annum is anticipated, based on the current budget of £590k and historical volumes.

Equalities impact

There are no direct equalities impacts resulting from this report. All recovery action will be undertaken in line with the Council's approved Corporate Debt Policy.

Sustainability impact

There are no direct sustainability impacts resulting from this report.

Background reading / external references

None.

Appointment of Contractor to undertake legal recovery work for Council debt

1. Background

- 1.1 Legal support for external debt recovery was originally undertaken by the in-house legal function, however, this arrangement was replaced with the use of several external providers. This has worked well and there is now further scope to develop these arrangements to ensure a consistent and best value service is provided to the Council.

2. Main report

- 2.1 External legal debt recovery activities are currently undertaken by a number of firms. To ensure that the Council is receiving an effective service a procurement process has been completed to bring all debt related legal work under one external provider. This process invited submissions from firms on the Council's legal framework to undertake the following services:
- drafting, registering, re-recording and discharging of inhibitions and the setting up and maintenance of an inhibitions register;
 - service of post-decree inhibitions to recover sundry debts;
 - drafting and/or service of documents including summary warrants, charges for payment, charging orders, arrestment, sequestrations and winding-up orders for recovery of Non-Domestic Rates debts, Council Tax debts and other sundry debts;
 - recovering judicial expenses in all successful court actions; and
 - providing performance and cost statistics to the Council on a monthly basis.
- 2.2 The Commercial and Procurement Unit undertook a mini tender exercise and two legal firms submitted bids. These were evaluated using a 30% quality and 70% price matrix, based on an indicative caseload.
- 2.3 The results of the mini tendering exercise were as follows:

	Supplier A (Morton Fraser)	Supplier B
Quality (30%)	24.5	23.0
Price (70%)	70.0	32.8
	94.5	55.8

- 2.4 The proposed contract with Morton Fraser will be for two years, with the potential for a one year extension. The estimated total value of the legal contract, including any potential extension, is £600k. This spend is responsible for progressing recovery of approximately £3m of sundry debt and £1.5m for NDR/Council Tax per annum.
- 2.5 As part of the overall debt recovery activity a saving of approximately £100k per annum is anticipated, based on the current budget of £590k and historical volumes. The £100k savings are based on a predicted total cost per year of contract, deducted from the current forecasted spend of £590k for 2013/14. This aligns with the savings projected in the Corporate and Transactional Services improvement plan.
- 2.6 The Council shall instruct debt recovery services on a case by case basis to ensure the appropriate use of this resource. All Departments will be engaged in monitoring and reviewing the effective use of legal resource.
- 2.7 Appendix 1 summarises the Tendering and Tender Evaluation Process

3. Recommendations

- 3.1 It is recommended that the Finance and Resources Committee:

3.1.1 Approve the appointment of Morton Fraser to undertake external legal work related to the recovery of Council debt.

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Director of Corporate Governance

Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome	

Agreement

Appendices

Summary of Tendering and Tender Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Appointment of Contractor to undertake legal recovery work for Council debt
Contract period	Start 1 st Dec. 2013, to 30th November 2016 (incl. full 12 month extension period).
Estimated contract value	£600k (incl. full 12 month extension period)
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
Standing Orders observed	2.1 ; 2.7 ; 3.1 and Sections 4 & 5.
Governing EC Directives	Directive 2004/18/EC of the European Parliament
EC Procedure chosen	Electronic mini-competition between CEC Framework suppliers using the Public Contracts Scotland online portal.
Tenders returned	2
Tenders fully compliant	2
No. of recommended suppliers	1
Primary criterion	Most economically advantageous offer
Secondary criteria	Commercial (70%)
	Technical (30%)
Evaluation Team	CEC Staff - including two members from the Council Income team, one from Legal services and one from Corporate Governance customer hub.