

Report for Cabinet Member Signing

Title: Procurement of Enforcement Agency Services via the YPO Framework to collect PCN related debt for the Authority

Report authorised by: Barry Francis, Corporate Director of Environment and Resident Experience
barry.francis@haringey.gov.uk

Lead Officer: Tim Gunn, Compliance Manager (Parking Services)
tim.gunn@haringey.gov.uk

Ward(s) affected: All

**Report for Key/
Non-Key Decision: Key Decision**

1. Describe the issue under consideration

1.1 This report (pursuant to Contract Standing Order CSO 2.01(b), seeks:

Cabinet approval to enter into a procurement and subsequently contract for two years (no option to extend further) for the execution of Warrants of Control prepared by the Council in relation to parking and traffic Penalty Charge Notices (PCNs).

2. Cabinet Member Introduction

2.1 Since the introduction of the Taranto Parking System in April 2021 the Council has utilised the services of one Enforcement Agency, CDER Group, under a rolling service level agreement for tracing services and the collection of parking and traffic debt by way of court authorised Warrants of Control. However, the Council is now operating in a “changing world” of ever-increasing financial pressures on the recipients of PCNs and the Council alike. The parking service is evolving its overall approach to debt collection, taking account of statutory guidance, regulations, codes of practice and best practice. Put quite simply, the Council needs to recover legitimate parking debt in a compliant and ethical manner, whilst maximising overall recovery.

This procurement will ensure that the use of Enforcement Agencies continues to be very much a matter of last resort. The relevant contract specification includes further safeguards to protect the vulnerable and make sure that anyone subject to enforcement action is treated fairly.

- 2.2 As well as the execution of court authorised warrants, new services are planned under a YPO framework that will address “persistent evaders¹” and those drivers’ deliberately avoiding registering their cars (both UK and non-UK vehicles). This will ensure a more robust approach to debt recovery and target those who can often afford to pay but deliberately avoid doing so.

3. Recommendations

- 3.1 It is recommended that Cabinet Member for Resident Services & Tackling Inequality is asked to:

Under Contract Standing Order (CSO) 2.01b, approve the initiation and execution of a procurement process via the YPO Framework to select several Enforcement Agencies to assist with collecting PCN related debt for the Authority.

4. Reasons for decision

- 4.1 The estimated annual number of PCNs referred to the current sole provider CDER is circa 70K. Using one collection agency represents an unacceptable risk to the Council should the Council be unable to use CDER for any reason(s). Appointing multiple providers removes the risk.
- 4.2 Using one provider may not provide any opportunity to improve collection via what is best described as “healthy competition” between Enforcement Agencies. As well as making provision for several Enforcement Agencies at any given time, the revised contract specification stipulates new case work will be allocated on a pro-rata basis depending on the operational and financial performance of each Enforcement Agency.
- 4.3 The revised specification includes a more robust and more effective governance and KPI structure.
- 4.4 The revised specification makes the Enforcement Agency being allocated the warrant responsible for the Traffic Enforcement Centre (TEC) registration fee of £10.00 per PCN. The anticipated budget saving being circa £600K.
- 4.5 The revised specification includes enhanced provisions to protect the vulnerable and is based on the principles of “ethical debt collection” thus balancing firmness and compassion.
- 4.6 The framework is already in use for other debt types within Haringey and other Councils, including council tax, non-domestic rates/business rates, sundry debt, housing benefits overpayments, and social care debts.

5. Alternative Options Considered

- 5.1 **Do nothing:** Remaining with the current single Enforcement Agency would do nothing to address the risks laid out in section 4.1 and would not provide the likely revenue improvement referred to in section 4.

¹ The owner of a vehicle that has 3 or more outstanding PCNs that can no longer be appealed.

- 5.2 **Undertake joint procurement as part of the YPO framework in conjunction with other Council services e.g. Council Tax:** whilst joint procurement with other Council services was desirable, this was not possible due to the fact the overall contract value would exceed the YPO ceiling of £5.3m.
- 5.3 **Undertake an alternative public procurement exercise:** The YPO framework was considered the most suitable in consultation with Strategic Procurement; notwithstanding 5.2 above utilising the YPO framework still aligns the parking service with the approach taken by some other Council services.

6. Background Information

- 6.1 In 2023/24 the Council issued 397K parking and traffic PCNs generating circa £20m in income, of which circa £2m was collected by the existing sole Enforcement Agency, CDER Group.

Enforcement agents are considered an essential part of the debt recovery process. Debtors are notified of unpaid amounts on several occasions before they are passed to enforcement agents and the recovery process includes a representations and formal appeals stage. In the event of an unsuccessful appeal or in the absence of any appeal at all, the debt must be registered with the Traffic Enforcement Centre (TEC). Cases may not be sent to enforcement agents for collection unless these actions have been taken. There is a TEC registration fee of £10.00 for each PCN the Council wishes to register. The quantity of PCNs registered as debts from 2022/23 to 2024/25 was as follows:

Table 1 Recovery Orders Assigned to EA

Year	Number of Orders for Recovery Assigned to EA	Debt Value
2022/23	43,998	£8.7m
2023/24	90,046	£18.1m
2024/25	51,226	£10.3M

7. Fees/Costs

- 7.1. External Enforcement Agents collect fees from debtors and there is no cost to the Council. However, there is a TEC registration fee of £10.00 per PCN which is currently budgeted by and paid for by the Council. Successful bidders will be required to reimburse the Council the £10.00 charge for each warrant that is passed to them for collection.

The process by which debts are collected by Enforcement agents is split into three parts and is governed by legislation, namely The Taking Control of Goods Regulations 2013, The Taking Control of Goods (Fees) Regulations 2014 and The Certification of Enforcement Agents Regulations 2014 (including any amendments). The table below shows the stages of the process and the statutory fees which also similarly governed by legislation and cannot be amended.

Table 2 Statutory Fees

Stage of process	Action	Fixed Fee	% fee (over £1500.00 only)
Compliance	Debtor contacted by phone, letter, email, text	£75.00	0%
Enforcement	Visit to home of business, taking control of goods.	£235.00	7.5%
Sale	Removing and sale of goods	£110.00	7.5%

Table 3 Annual Fees Collected

The fees collected by the current provider were as follows; Year	Statutory Fees collected
2022/23	£1.4m
2023/24	£2.1m
2024/25	£2.1m

8. Collection Rate(s)

- 8.1. The existing collection rate of CDER Group is between 16-20% by number of warrants paid in full. Benchmarking around the collection of parking warrants shows anything greater than 20% to be at the upper end of collection. The aim of increasing the number of Enforcement Agents and competition of work is for providers to recover more than 20% of allocated warrants. This will be achieved through the introduction of a number of financial and operational KPIs including the % recovery by number of fully paid warrants (and a separate KPI relating to part paid warrants) vs the total number of warrants issued to that Enforcement Agency across all batches.

9. Work Allocation

- 9.1. The current allocation of cases is 100% to one provider.
- 9.2. Upon commencement of new contracts, the Council will initially endeavour to allocate 33% of new warrants to each “active” Enforcement Agency. This cannot be guaranteed as once a warrant for a given vehicle has been allocated to a given Enforcement Agency then additional warrants will also be allocated to the same Enforcement Agency.
- 9.3. On a monthly basis, any Enforcement Agency scoring 5% less than the average for all Enforcement Agency for financial KPIs will have their allocated case load reduced by 50%.
- 9.4. Should the Council reduce the allocation of warrants to any Enforcement Agency due to failure to meet KPIs or conditions laid out in this specification

then the underlying reasons will be made clear to the respective Enforcement Agency.

- 9.5. This reduction in allocation of warrants will remain until such time that the Enforcement Agency has demonstrated to the Council's satisfaction (typically at a monthly review meeting) that the underlying issues have been resolved.

10. Criteria against which the tenderers are to be selected, and contract is to be awarded:

- 10.1. The published criteria will not include any pricing element as all suppliers can only make their income from fees and charges stipulated by law.

11. Statutory Officers' comments

- 11.1. Statutory Officers' comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

11.2. Finance:

- 11.3. The report seeks approval from the Corporate Director of Environment and Resident Experience to enter into a procurement contract for two years with Yorkshire Purchasing Organisation (YPO) Enforcement Agency Services Framework. The contract will enable the Council to utilise the YPO framework to procure additional Enforcement Agency services to recover unpaid parking and traffic Penalty Charge Notices.
- 11.4. The expectation is to increase the number of Enforcement Agents and competition of work for contractors, to recover more than 20% of allocated warrants.
- 11.5. This recovery of income structure does not incur any expenditure to the Council, any statutory costs incurred by the contractor in collecting the debt will be recouped from the debtors.

12. Procurement:

- 12.1 Procurement has been consulted in the preparation of this report and will support service with the procurement of this provision.

13. Legal:

- 13.1. The Director of Legal and Governance (Monitoring Officer) was consulted in the preparation of the report.
- 13.2. Pursuant to the provisions of provisions of the Council's Contract Standing Order (CSO) 2.01(b), Cabinet has authority to approve the commencement of a procurement exercise where the value of the contract to be procured is

£500,000 or more and as such the recommendation in paragraph 3.1 of the report is in line with the Council's CSO.

- 13.3. Further to paragraph 11.4 above and pursuant to the provisions of the Council's CSO 0.08, a decision reserved for Cabinet may be taken by a Cabinet Member with the agreement of the Leader and as such the recommendation in paragraph 3.1 of the report requesting Cabinet Member for Resident Services & Tackling Inequality to approve the recommendations in the report is in line with the Council's CSO so long as the Cabinet Member is taking the decision with the agreement of the Leader.
- 13.4. The Director of Legal and Governance (Monitoring Officer) see no legal reasons preventing Cabinet Member for Resident Services & Tackling Inequality from approving the recommendations in the report.

14. Equality:

- 14.1. The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
 - Advance equality of opportunity between people who share protected characteristics and people who do not.
 - Foster good relations between people who share those characteristics and people who do not.
- 14.2. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 14.3. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 14.4. Section 17 of the Specification in Appendix 1 requires the Contractor to operate in compliance with the Equality Act 2010 and the Public Sector Equality Duty and associated statutory codes of practice.
- 14.5. The information supplied to Enforcement Agents does not identify protected characteristics under the Equality Act 2010 nor socioeconomic status.
- 14.6. Body worn video and audio recording equipment must be worn by Enforcement Agents carrying out visits and must be worn on every visit. A clear audit trail must be maintained at all times providing a comprehensive history of all

activities and outcomes at an individual case level from receipt of instruction through to its ultimate return.

- 14.7. Section 12 of the specification sets out our requirements with respect to how complaints are handled.
- 14.8. Section 16 of the specification sets out our requirements with respect to how vulnerable residents are identified and protected. Upon making contact for the first time, the Enforcement Agent should endeavour to establish whether the debtor or their partner falls into any of the following categories:
- a) Ongoing mental illness/severe depression
 - b) Allegations of attempted suicide
 - c) Long standing health condition
 - d) Learning disability
 - e) Terminally ill
 - f) Recent bereavement
 - g) Elderly – where it is clear the person is unable to deal with payment or their affairs
 - h) People with severe disabilities (physically or mentally)
 - i) Where the debtor or partner is in the final weeks of pregnancy (to be reviewed after the birth of the child)
 - j) Where severe social deprivation is evident
 - k) Communication difficulties where an advisor or an interpreter would be helpful (profound deafness, blindness or language difficulties)
- 14.9. In making this decision, the Council do not anticipate any negative equalities impacts. However, during the course of the contract, should there be any negative impacts identified, the Council shall put mitigations in place to tackle them.

Corporate Policy and Equality Impact - An Equality Impact Assessment (EIA) Screening Tool was completed which confirmed that a full EIA was not required.

Use of Appendices

Appendix 1 – contract specification

Appendix 2 – EIA screening

Local Government (Access to Information) Act 1985

Nb if information is to be excluded from publication – i.e. as it contains exempt information should state here – grounds are included at the end of the record of decision sheet