



Leicester  
City Council

WARDS AFFECTED: ALL WARDS

Overview and Scrutiny Management Board  
Cabinet

13 March 2008  
31 March 2008

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**Procurement of External Cash Collection Facilities – Addendum to original report to Cabinet 17<sup>th</sup> September 2007**

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**REPORT OF THE CORPORATE DIRECTOR FOR ADULTS AND HOUSING**

**1. Addendum to original Report to Cabinet 17<sup>th</sup> September 2007**

- 1.1 The original report was considered by Cabinet on 17<sup>th</sup> September 2007, which recommended that the matter be referred to the Overview & Scrutiny Management Board for possible investigation by the Adults & Housing Task Group.
- 1.2 The scheme was considered by the Adults & Housing Task Group, who recommended that OSMB should endorse the following recommendations and forward these back to Cabinet.
- (a) The task group would like their comments to be considered as the proposal for procurement is developed further.
  - (b) The task group are broadly supportive of the proposal to procure external cash collection facility.

**2. Recommendations**

- 2.1 Following the investigation into the proposal to Procure an External Cash Collection Facility by the OSMB, the following recommendations are made in addition to those included in the original report of the 17<sup>th</sup> September 2007, which generally referred the matter to OSMB.
- (a) The creation of a cross departmental Project Team to facilitate the procurement and implementation of an external collection organisation, with a view to 'go live' on 1<sup>st</sup> April 2009. This will allow for the procurement process and system testing to take place.
  - (b) Any consideration to closing cash offices at the Neighbourhood Housing Offices is referred to Cabinet and supported by a sound business plan, which clearly details the impact on the local community and explores all the options available for the future use of the building.

- 3. Financial, Legal & Other Implications Update - Steve Charlesworth Head of Financial Strategy Ext 29 7495**
- 3.1 Also, following the original report the financial implications have been updated, which is detailed below.
- 3.2 The Council's preferred method of payment is Direct Debit. This report deals with customers who are not likely to make payments by this method. There are a number of financial implications associated with this project, including:
- (a) Initial set up costs (including ensuring compatibility with existing in house I.T. systems and banking configuration)
  - (b) Loss of interest on monies collected by the external collection agency offset by reduced arrears by customers
  - (c) Cost per Transaction
- 3.3 The initial set up cost is likely to total £40,000. Initially these costs will have to be met by the Council.
- 3.4 The cost to the Council from reduced interest on balances will be affected by three main factors – the number of transactions customers make, how long any negotiated contract agrees the external cash collection agency keeps the funds in their bank account, and the bank interest rate. As these factors can vary, a precise cost to the Council is hard to define, however, it is anticipated that based on the current bank interest rate of 5.25%, for every £1,000 paid, the cost to the Council will be 15p. Initially, these additional costs will have to be met by the Council. In the longer term, these costs could be offset by savings made as a result of a potentially significant reduction in the number of transactions paid through the various Council Cash Offices.
- 4. Legal Implications – Joanna Bunting Head of Commercial & Property Law Ext 29 6450**
- 4.1 Also, following the original report the legal implications have been updated, which is detailed below.
- 4.2 Legal advice will need to be sought as proposals develop. At this stage the main legal implications will be about procurement and workforce issues (especially if TUPE may apply) and data protection issues.
- 4.3 The Council has a duty to secure best value (under the Local Government Act 1999) and a general fiduciary duty to its ratepayers. Specific duties exist in respect of local taxation and the balancing of the housing revenue account. Certain legislative powers to recover monies (for example "Fairer Charging") require the Council to adopt a recovery policy. The Council has general legal powers to take proceedings under the Local Government Act 1972 (specific powers exist under other legislation for particular purposes e.g. Council Tax collection) Section 111 of the Local Government Act 1972 would allow the Council to spend money on anything that would be conducive or incidental, or would facilitate, the exercise of

these powers. The Council is able to outsource services for the purposes of its functions under the Local Government (Contracts) Act 1997."

## 5. Consultation Update

- 5.1 Also, following the original report the level of consultation has been updated, which is detailed below.
- 5.2 Adults and Housing Directorate, Corporate Directors Board, Cabinet Briefing, Revenues & Benefits & Resources senior officers.
- 5.3 Leicester Money Advice has been consulted on the proposal to introduce additional payment facilities. The organisation has endorsed the potential availability of several hundred additional payment outlets across the City. They have also commented on how useful the additional facilities will be, as a number of their customers rely on a 'cash economy' and therefore see extra outlets that accept cash as highly beneficial.
- 5.4 Leicester's Tenants & Residents Associations have been consulted and a questionnaire was also sent out to over 1600 individual tenants seeking their views on the proposal.

## 6. REPORT AUTHOR/S

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<b>Key Decision</b>	No
<b>Reason</b>	N/A
<b>Appeared in Forward Plan</b>	N/A
<b>Executive or Council Decision</b>	Executive (Cabinet)