

Management report to Council

Agenda item 6.2

Debt collection services contract: No 3608

Council

Presenter: Joanne Wandel, Director Property

25 February 2020

Purpose and background

1. The purpose of this report is to award a tender for the provision of debt collection services for two years, with an option to extend the contract term by up to a further two years, for a maximum total four years.
2. Council currently utilises the debt collection services of Collect AU Pty for the recovery of overdue property rates and fire service levy.
3. The current contract cost is \$270,000.00, which expired 31 January 2020. The tender was advertised in The Age newspaper on Saturday 7 December 2019. Four tender submissions were received. All tenders were compliant.
4. The weightings of the evaluation criteria were declared in the invitation to tender documents, and were Cost (15 per cent), Plan for Proposed Services (35 per cent), Experience, Capability and Past Performance (45 per cent) and Occupational Health and Safety (five per cent).

Key issues

5. The ability to instigate legal action is an important collection tool in the recovery of outstanding rates and other debt. The contract award requires the service provider to have the highest level of current local government experience in debt collection.
6. The estimated cost of the service is approximately \$274,000.00 (incl. GST) per annum, in line with FY19–20 budget. The initial term of the contract is two years. Note that approximately 99 per cent of the costs incurred to provide the debt collection services are fully recoverable through income recovery line.
7. The preferred tenderer has proven to have the key skills required to carry out all debt collection services in line with council's requirements.

Recommendation from management

8. That Council awards the contract for the provision of Debt Collection Services to Collect AU Pty for a term of two years commencing 1 March 2020 with an option to extend the contract term by up to a further two years in accordance with the schedule of rates and otherwise in accordance with the negotiated terms and conditions of the contract.

Attachment:

1. Supporting Attachment (Page 2 of 3)

Supporting Attachment**Legal**

- Pursuant to section 186 of the Local Government Act 1989 (Vic), before a Council enters into a contract for the purchase of goods or services to the value of \$150,000 or more (levels increased by Order in Council dated 7 August 2008), the Council must give public notice of the purpose of the contract and invite tenders from persons wishing to undertake the contract.

Finance

- The estimated cost of the service is approximately \$274,000.00 (incl. GST) per annum, in line with FY19–20 budget. The initial term of the contract is two years. Note that approximately 99 per cent of the costs incurred to provide the debt collection services are fully recoverable through income recovery line.

Procurement

- This matter accords with the Centre Led Procurement Policy.

Tender evaluation summary

- The membership of the tender evaluation panel was as follows:

| Title and/or company | Generalist or Nominated Speciality | Full / Advisory Member |
|--|------------------------------------|------------------------|
| CPM Procurement, CoM | Generalist (Chair) | Full |
| Manager Rates, Property, CoM | Debt Recovery Specialist | Full |
| Financial Controller, Finance, CoM | Finance | Full |
| Snr Rates Admin Officer, Property, CoM | Debt Recovery Specialist | Full |
| Snr Collections Officer, Finance, CoM | Debt Recovery Specialist | Full |

- The summary of final scoring for the four conforming tenderers is shown below:

| Summary of final scoring | | | | |
|--------------------------|-----------------------------------|---|---------------------|--------------|
| Company | Price <i>(Refer to Note 1)</i> | Financial score <i>(Refer to Note 2)</i> | Non-financial score | Total score |
| Collect AU Pty | \$274,067 | 9.0 | 64.83 | 73.83 |
| Tenderer B | \$269,038 | 12.0 | 61.53 | 73.53 |
| Tenderer C | \$269,065 | 12.0 | 60.70 | 72.70 |
| Tenderer D | \$439,256 | 6.0 | 55.43 | 61.43 |

Note 1: this price applies for the service for year 1 using the schedule of rates by estimated quantities from previous years.

Note 2: this score is an assessment of pricing from the schedules of rates.

Conflict of interest

6. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Health and Safety

7. The service provider has confirmed compliance of all the health and safety requirements for all employees, subcontractors and agents, satisfying and complies with all legislative requirements.

Corporate social responsibility

8. Where applicable the service provider has demonstrated inclusion of Corporate Social Responsibilities in the provision of the service.