

Schedule 1 (Specification)

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1. Introduction

- 1.1 The Supplier is required to provide national debt collection and enforcement services (the Services) in relation to monies owed by means tested defendants who are in receipt of legal aid in respect of a case to be heard, or a case that has been heard and resulted in a conviction, in the Crown Court. The Services covers all Crown Courts in England and Wales.
- 1.2 The Supplier will be responsible for the collection and enforcement of Legal Aid Contributions which requires case management, collection, enforcement and refund of monies where appropriate. Collected payments will be remitted to the Authority and enforcement costs charged back to the Defendant whilst the Supplier ensures they keep individuals fully engaged throughout the lifetime of the debt.
- 1.3 The services will be procured through open competition advertised in Contracts Finder and OJEU. The requirements fall under the Light Touch Regime as per 2015 Public Contracts Regulations but will follow a process similar to the Open Procedure to ensure full transparency.
- 1.4 The Supplier is deemed to have satisfied himself as regards the nature and scope of the Services to be performed. No future claims by the Supplier for additional payments will be allowed on the grounds of misunderstanding or misinterpretation due to lack of knowledge of the requirements as set out in this document.
- 1.5 The Ministry of Justice (MoJ) will not reimburse any parties bidding or associated costs in relation to this contract.

2. Background

- 2.1 The Legal Aid Agency (“LAA” or “the Authority”) was created by the Legal Aid, Sentencing and Punishment of Offenders Act 2012, as an Executive Agency of the MoJ, and it runs the legal aid scheme in England and Wales. The LAA ensures that eligible individuals receive the legal advice, assistance and representation they need to deal with a wide range of problems. The LAA works in partnership with solicitors and not for profit organisations to ensure that these services are provided to individuals most in need.
- 2.2 Legal Aid expenditure was approximately £1.7 billion in 2016/17, of which, approximately £858 million was spent on Criminal Legal Aid.
- 2.3 Means testing Defendant eligibility for legal aid was successfully introduced in the magistrates’ court in October 2006, realising substantial savings. Means testing was then implemented in the Crown Court in 2010.
- 2.4 The introduction of Crown Court Means Testing (CCMT) in 2010 underpinned the Government’s commitment to the principle that those who can afford to pay for their defence should do so. It ensures that the best use is made of taxpayers’ money and that limited resources can be utilised where most needed. The scheme ensures that Defendants appearing in Crown Court cases pay contributions from income or capital or both towards their legal representation at an appropriate level to their financial circumstances.
- 2.5 The LAA has continually realised improvements to collection rates in relation to its CCMT Debt Collection and Enforcement Services since its inception in 2010. Gross collections (including secured debt) over the previous 7 years combined are the equivalent of 61% of the current outstanding Debt Book (which also includes secured debt)
- 2.6 Means testing in the criminal courts is governed by the Legal Aid, Sentencing and Punishment of Offenders Act 2012. Financial Eligibility for criminal legal aid and relevant thresholds for criminal legal aid are outlined in the Criminal Legal Aid (Financial Resources) Regulations 2013. Contributions from Defendants for their criminal legal aid are governed by the Criminal Legal Aid (Contribution Orders) Regulations 2013 and the Criminal Legal Aid (Motor Vehicle Order) Regulations 2013.
- 2.7 The Government consulted upon the effectiveness of Crown Courts Means Testing scheme in October 2012 and issued its response to the consultation in March 2013¹. The proposals set out in the consultation paper sought to ensure that defendants comply fully with the requirements of the scheme so that a comprehensive and accurate assessment of financial liability can be undertaken, as well as reinforcing existing measures to support more effective collection of contributions. As a result of this consultation process, a number of measures came into force 1st April 2013, as set out in the Regulations.
- 2.8 The Criminal Legal Aid (Motor Vehicle Orders) Regulations 2013 also came into force 30th July 2013. These regulations enhance upon the enforcement options available and grant the power to the Lord Chancellor to apply to the court for a Vehicle Clamping Order and a Vehicle Sale Order where an overdue amount is unpaid by an individual in receipt of criminal legal aid.
- 2.9 The Department for Work and Pensions (DWP) has aimed to simplify the welfare system by introducing Universal Credit. This benefit is currently being progressively rolled out, in a managed way, from October 2013. This transition will be gradual and is expected to be completed by 2020.

¹ <https://consult.justice.gov.uk/digital-communications/crown-court-means-testing>

- 2.10 Defendants in the Crown Court in receipt of Universal Credit are currently passported and will receive criminal legal aid. However, the MoJ has recently consulted on potential changes to legal aid eligibility criteria in the light of the wider national roll-out of Universal Credit. The MoJ are currently considering the LAA's policy with regards to passporting clients on Universal Credit and a response to the consultation, documenting the LAA's intention, is to be published in due course².
- 2.11 In the future, the MoJ may seek to join wider initiatives aimed at consolidating departmental and/or cross-government debt, e.g. Debt Market Integrator. The MoJ will monitor developments in relation to these related projects and will explore options to join these initiatives when upon reaching an operational and steady state.

² <https://www.gov.uk/government/consultations/legal-aid-financial-eligibility-and-universal-credit>

3. Objectives

- 3.1 The objective of this contract is to ensure the MoJ outsources quality and value for money Debt Collection and Enforcement Services to support Crown Courts Means Testing (CCMT) collection of criminal legal aid contributions from those who can afford to pay.
- 3.2 The MoJ and LAA (the Authority) operate in an environment of continuous improvement. To this end, the Supplier should also;
- Work strategically and collaboratively with the Authority to assist in achieving ongoing increase in performance and targets.
 - Work innovatively in collaboration with the Authority in order to identify areas for improvement in the Services.

4. Definitions

Capital Contribution Order (CCO)

A letter confirming the amount of capital contribution is required. This is calculated based on Final Defence Costs (see below); balancing any monies paid to date and whether any outstanding costs remain. This is issued by the Supplier and upon completion on capital and equity check, confirming available assets and is undertaken either by the Authority, the Supplier or both.

Hardship Review

Applicants can apply to have their eligibility reviewed if they are assessed ineligible or are subject to an income contribution and they feel they have higher than usual outgoings or expenditure that has not been taken into account.

Income Contribution Order (ICO)

A letter confirming the amount of monthly contribution required during proceedings. This is issued by the Legal Aid Agency and is based on the applicant's household disposable income.

Income Evidence Sanction (IES)

This sanction can be supplied if the supporting income evidence is not provided to the Authority within 21 days of request. This is issued by the Legal Aid Agency and is set at either £900 or one twelfth of an applicant's disposable income whichever is the higher.

Final Contribution

The contribution required following conviction, where the applicant has combined capital and equity assets over £30,000 and the Income Contributions (if any) have not covered the costs of the case.

Final Defence Cost

Total costs of a case including both litigators and advocates fees.

Judicial Apportionment

An order to apportion the costs an applicant must pay in respect of their legal aid costs. This is issued by the Crown Court in accordance with Regulation 26 The Criminal Legal Aid (Contribution) Regulations 2013.

Aged Debt

A case where all available enforcement options have been considered/undertaken within economic reason but the liability remains outstanding.

5. Overview of Scheme

5.1 The table below outlines both the existing means testing scheme in the Crown Court:

Type of Case	Scheme	Notes
Pre Conviction – Criminal Proceedings in the Crown Court – committed, sent, or transferred for trial	Income Contribution Order – Defendants liable for an income-based contribution will either pay for the life of the case or six months, whichever is the shortest. Defendants who pay on time every month will only be required to make five payments. The contribution is 90% of household disposable income and the minimum monthly contribution will be is £255. This may also be limited to the maximum income contribution that is set dependant on the type of case. Where Defendants fail to provide sufficient evidence to support the details provided in their legal aid application, an uplift in the sums due via an Income Evidence Sanction will be applied by Authority until the evidence is received – All Defendants who are acquitted will be refunded any monies paid with 2% interest.	Pre-conviction – Defendants will be means tested by the Authority under regulations (footnote 3) and they will either be: <ul style="list-style-type: none"> • Passported³ through scheme • Subject to income based contribution⁴ • Not liable for income based contribution A hardship route is available for Defendants who wish to have their particular financial circumstances taken into account. A Change in Financial Circumstances route also applies. These changes to liabilities will mean that Supplier will need to administer and issue notifications when there are changes and varying debt liabilities
Post Conviction – Sentenced by Crown Court and found guilty or partially guilty	Capital Contribution Order – When there is still a financial liability outstanding after conviction then recovery of the balance will be made from capital/equity. Recoveries of post conviction debt can still be enforced against the pre conviction Income Contribution scheme if these are still outstanding at the point of conviction	Post-conviction – Convicted or part-convicted Defendants will also be liable for case costs at the end of their case if they have capital/equity after an allowance/threshold of £30,000 and is deducted from total assets and savings. A hardship route is available for Defendants who wish to have their particular financial circumstances taken into account. A Change in Financial Circumstances route also applies. These changes to liabilities will mean that Supplier will need to administer and issue

³ Defendants who are either under 18 or on a passporting benefit will not be required to contribute towards their legal aid costs, either during the case or at the end if convicted. Please refer to Regulation 9. (1), (2) and (3) of the Criminal Legal Aid (Contribution Orders) Regulations 2013.

⁴ Where the Defendant's disposable annual income exceeds £3,398.

		notifications when there are changes and varying debt liabilities
Appeals	<p>Defendants will be means assessed, with an additional allowance of £500 deducted from their disposable income⁵. Total contribution will be a fixed fee depending on the outcome/type of appeal:</p> <ul style="list-style-type: none"> • Unsuccessful appeal against conviction £500 • Outcome of appeal is unsuccessful but sentence is reduced £250 • Unsuccessful appeal against sentence £250 • Successful appeal – zero contribution 	If unsuccessful the defendant pays either £500 or £250 depending on type of appeal or outcome. This is collectable at the conclusion of the appeal.

5.2 At the post-conviction stage, the Supplier will need to perform Capital and Equity (K&E) checks on some Defendants who have not yet had their Capital and Equity checked by the Authority at pre-trial. As financial circumstances can change between the time of the Legal Aid application and the conviction/conclusion of the case at the Crown Court, the Supplier will be required to validate these cases to confirm whether they now have the means to contribute towards a post-conviction Capital Contribution Order. This is an administrative process that will require the Supplier to utilise several commercially available products in order to validate the capital and equity declaration made by the applicant and to have up to date addresses to enable further evidence to be requested, where necessary. The services for which the Supplier should have at their disposal includes but is not limited to the Land Registry and commercial credit checks

5.3 The Authority currently have a fortnightly data share in place with Her Majesty's Prisons and Probation Service to obtain the most up to date prisoner locations and addresses which can be shared with contracted Service Provider

5.4 Where the applicant has told the Authority they have Capital and Equity over £30k, the Authority will validate these. The Supplier will however be required to validate Capital and Equity means from those applicants who have declared insufficient Capital and Equity between £0.1 and £30k.

5.5 In accordance with the Criminal Legal Aid (Contribution Orders) Regulations, the individual in receipt of criminal legal aid is also liable for any enforcement costs (see Annex C) incurred, and this amount is added to any amount payable by that individual. The Supplier must adopt an appropriate and proportionate approach towards enforcement action at all times.

5.6 The relevant Regulations, underpinning the scope of the scheme, can be located here:

⁵ This is to allow for any costs incurred in the magistrates' court, where Defendants have paid privately for representation

- The Criminal Legal Aid (Financial Resources) Regulations 2013 – <http://www.legislation.gov.uk/uksi/2013/471/contents/made>
- The Criminal Legal Aid (Contribution Orders) Regulations 2013 – <http://www.legislation.gov.uk/uksi/2013/483/contents/made>
- The Criminal Legal Aid (Motor Vehicle Orders) Regulations 2013 – <http://www.legislation.gov.uk/uksi/2013/1686/contents/made>

5.7 For historical cases, the following Regulations will also still apply:

- The Criminal Defence Service (Contribution Orders) Regulations 2009 – <http://www.legislation.gov.uk/uksi/2009/3328/contents/made>
- The Criminal Defence Service (Contribution Orders) (Amendment) Regulations 2010 – <http://www.legislation.gov.uk/uksi/2010/142/contents/made>

5.8 Further information relating to the scope of legal aid and means testing can be located on the Justice website:

<http://www.justice.gov.uk/legal-aid/assess-your-clients-eligibility/means-testing-in-the-courts>

6. Scope

- 6.1 A summary of the Services to be provided by the Supplier are set out below. All correspondence and notification templates used to undertake these activities will need to be approved by the Authority prior to use and the Authority may specify and provide a copy template letters in order to optimise recovery rates.
- 6.2 The Supplier must ensure that all correspondence meets plain English standards. Wherever possible, the Supplier should also provide information in a format that would meet the Defendant's specific communication needs. In doing so, the Supplier should seek to ensure that a Defendant's individual preferences or needs are documented and stored on internal systems in order that future notices can be issued in the Defendant's preferred or required format.
- 6.3 The Authority requires the Supplier to ensure that the Services are accessible to, and understandable by, Defendants whose language of choice is Welsh, in accordance with the Welsh Language Act 1993 (as amended) and Welsh Language (Wales) Measure 2011.
- 6.4 Some Defendants may also require communication in a foreign language. Any translation costs involved in contacting a Defendant in a foreign language are considered an overhead for the Supplier, but the costings must be transparent to the Authority.
- 6.5 The Supplier is required to trace and collect debt in relation to Defendants convicted in England and Wales, who reside both inside and outside England and Wales in the provision of these services.
- 6.6 The table below sets out the activities the Supplier is required to undertake.

Pre conviction	Post conviction
Creation of defendant account within 1 day of receipt of data file	Issue Contact letter within 5 days of conclusion of Trial/sentence date and every day 3 months thereafter, to remind that their final financial liability has not yet been confirmed and Supplier will contact them again when final bills from Solicitors and Advocates have been received.
Letter of introduction confirming payment options within 1 day of account set up	Balance final case costs against any monies collected to determine final liability
Collection of contributions from income	Refund Defendants who have either been acquitted or have overpaid through income contributions with 2% interest within 5 working days
Initial introduction letter sent to all Defendants who are required to make contributions	Complete capital and equity checking, requesting and chasing further evidence where defendant has declared insufficient capital and equity between £0 and £30k. Capital and equity is calculated by adding up all assets and savings and deducting any outstanding mortgage and a £30k allowance to come up with a final amount of capital and equity.
Chase /remind Defendants where payment not received a minimum of 5 days prior to due date and a minimum of 5 days after due date	Carry out capital and equity checks to determine ability to pay final balance within 20 days of conclusion of trial and Final Defence Costs being received.

Recovery and allocation of outstanding debts	Issuing of Capital Contribution Orders, upon receipt of defence costs by litigators and advocates and collection of final balance, including notification of final balance within 5 working days of completion of a capital and equity check.
Tracing debtors and investigating means where appropriate	Remind/chase Defendant where final balance not received
Recovery of outstanding payments from income using enforcement sanctions	Recovery of final balance using enforcement sanctions
Issue notification when all contributions made	Issue notification when costs repaid
Deal with Defendant queries within 5 days	If Enforcement by way of a charging order is successful, manage the ongoing liability once secured and transfer back to the Authority when appropriate
Identify when multiple contributions are due from either married, cohabiting partners and/or scenario's where the defendant has multiple cases that are live and collectable.	Make recommendations to Authority for approval to Write off debts in line with Authority policy and processes for Deceased, bankrupt and Untraceable cases
Administer varying debt liabilities due to changes in circumstances, hardship, new information, additional payments, judicial apportionments and issue revised notifications where liabilities change within 5 days of verification of information.	Supplier to review Capital Contribution Order and reissue CCOs where change of financial circumstances or new evidence comes to light or there is a variation due to hardship or judicial apportionment order within 5 days of verification of information.
Recalculate pre conviction liability and Issue letters confirming new liability following advice from the Authority on any changes in Income Contribution Order within 5 days	Recalculate post conviction liability and Issue letters confirming new liability.

6.7 Creation of Defendant Account - In order to start the contribution collection process, the Supplier will receive a data file from the Authority via secure transfer. A new collection account should then be set up, within 1 Working Day, based on the data provided.

6.8 Each account/Defendant profile that is created should be able to include the following data:

- *LAA Unique ID – i.e. MAAT (Legal Aid Means Assessment & Appeals Tool) Reference Number (for each Charge)
- *Defendant name, DOB, address, national insurance number
- *Defendant contact details (including address, postcode, telephone number, mobile number, email)
- Defendant banking and payment details
- *Type of offence
- *Defendant Contribution amounts
- *Defendant Capital level
- History of any payments made or missed
- History of enforcement/recovery actions and costs
- History of any amendments to a Defendant's contribution level
- History on interest applied
- Outcome of capital and equity check
- Post conviction debt
- Write-offs

* this data will be supplied by the Authority as part of the data file

- 6.9 Updated data will be transferred from the Authority to the Supplier if the Defendant's details change after the information was originally passed over. This could be due to:
- Change in contact details
 - Change in the Defendant's financial circumstances
 - A Hardship Review has resulted in a revised monthly contribution level, additional evidence has been provided, or the equity/capital check has been completed
 - The equity/capital level has been established
 - The Defendant has provided additional evidence as requested, and the temporary sanction has been removed.
- 6.10 **Collection of contributions from income** – The contribution details will be supplied as part of the original data file from the Authority. Contributions should be collected for the life of the case, or six months, whichever is the lesser. Contributions will also be subject to a case type average cost cap, the details of which will be provided by the Authority to the Supplier. Defendants who make their first five payments each month on or before the due date will be exempt from the sixth and final payment⁶. In addition, there will be an option for the Defendant to make a one-off payment of five times the monthly contribution, prior to the date that the first monthly payment is due.
- 6.11 The Defendant may be subject to an Income Evidence Sanction (IES) if they have failed, without reasonable cause, to provide documentary evidence of income within 21 (14 and further 7) days. It may be judged that the Defendant is liable to pay six contributions of £900 or one twelfth of the Defendant's disposable annual income (if the Authority are able to determine this without documentary evidence provided), whichever is the higher. Details of such instances will be passed on to the Supplier by the Authority. Please note IES are considered chargeable under the ICO scheme – please note any indicative annual volumes for ICOs include cases subject to IES.
- 6.12 Further to the above, and in accordance with Regulation 23 of the Criminal Legal Aid (Contribution Orders) Regulations 2013, the Director may also determine that the Defendant is liable to make an additional payment following a reassessment of the Defendant's income.
- 6.13 The Defendant will pay either their full monthly pre-conviction contribution; make a partial payment, overpayment or nil payment. The amount paid should be balanced against their outstanding balance and the Defendant advised of the same including any arrears. The contribution amount could then be:
- The same as per the previous month, if they have made a full payment
 - Nil, if the Defendant has overpaid or is in credit
 - As per 6.12 issue additional payments as required
 - If an overpayment has been made, allowance should be made for this in future payments.
- 6.14 The Defendant will make the monthly contributions whilst the case/trial is in progress or until the maximum number of contributions has been reached. There will be instances where Defendants have more than one case in the system at the same time or could be asked to make an additional contribution.
- 6.15 Defendants who have multiple cases running may have to pay a contribution for each of the cases in which they have been granted a representation order, although payments will only be taken in respect of one case at a time. Monthly contributions should, therefore, still be collected from an acquitted Defendant if they are still receiving legally aided representation for other Crown Court cases (that are running concurrently and have not yet concluded).

For example:

⁶ Please refer to paragraph 14 of the Criminal Legal Aid (Contribution Orders) Regulations 2013.

Defendant is receiving legal aid for two cases – Case A and B

Defendant is paying £280 per month in contributions

Case A concludes and the Defendant is acquitted

Case B has not concluded

- Defendant is not liable for any defence costs for Case A
- Previous contributions received are not automatically refunded
- Previous contributions are rolled-over for consideration against Case B costs
- Defendant continues to pay £280 monthly contribution either until the 6-month cap is reached or conclusion of case B

6.16 The Supplier will be responsible for setting up a range of payment options, managing the accounts, monitoring the success or payment methods and sanctions, and collecting the monthly payments through the Defendant's preferred payment mechanism.

6.17 To maximise recovery rates, the Defendant should be provided with a variety of payment methods in order to make the payment of contributions as simple and convenient as possible.

This will include, but not be limited to, paying through the following channels:

- Direct Debit
- Standing Order
- Debit and Credit Card payments by telephone
- Cheque
- Giro
- Paypoint Card
- Online Payments⁷
- Mobile app

6.18 **Initial introduction letter** - Upon setting up the Defendant Account, the Supplier will send an initial contact letter to the Defendant. The letter will be sent within 1 Working Day of creating the Defendant Account and should as a minimum include:

- MAAT Ref No.
- The Supplier contact details
- Payment due date, including date first payment due
- Expected monthly contribution amount
- Total expected payment
- Details of the optional one-off payment of five monthly instalments
- Hardship details (options for the Defendant to challenge the amount the Defendant is expected to pay as a monthly contribution)
- Reminder of the Defendant's obligation to notify of any change in contact details and financial circumstances
- Available payment methods
- Details of consequences arising in relation to any overdue payment.
- Possible enforcement actions and any potential repercussions for non-payment or non-compliance
- Reminder that the Defendant is liable for any enforcement costs incurred
- Confirmation of preferred communication method

⁷ Should the supplier use payment methods which can be reversed by the client (e.g. World Pay), the onus will be on the supplier to reimburse the Authority.

- Inclusion of regulations which stipulate authority to act on behalf of Director of Legal Aid (Sec 3 Legal Aid, Sentencing and Punishment of Offenders Act 2012)
- Notification that the defendant's liability may increase post-conviction should further litigator and advocate bills be received.

6.19 **Chasing/reminding Defendants** - The responsibility will be on the Defendant to contact the Supplier to inform them of their preferred payment date and method if they have not already done so.

Defendants who do not comply should be contacted within a maximum of 5 Working Days of a missed payment and asked to provide the following:

- Preferred method of payment
- Preferred payment date (e.g. 1st of the month)
- Banking details (account number, name, sort code) if they choose to pay by direct debit
- Credit card information
- Preferred communication method
- Notification that the defendant's liability may increase post-conviction should further litigator and advocate bills be received.

6.20 To ensure that Defendants are aware of how much they are expected to contribute, when they are expected to pay, and the consequences of non-payment, a range of tailored messages, reminders and chase letters should be made available.

This may include communication to Defendants through one of the following preferred methods:

- SMS text
- Telephone
- Text-to-voice message
- Letter
- Face-to-face engagement

6.21 The Defendant's preferred communication method should be ascertained and stored on internal systems for future reference. This may include providing communication in the Welsh language, foreign languages, or making reasonable adjustments for Defendants with disabilities (e.g. providing information in large font).

6.22 A maximum of 5 Working Days before a contribution is due to be paid, the collection system will send a reminder, using a suitable communication channel, to the Defendant. As a minimum, this will include:

- Date the payment is due
- Amount due to be paid
- Any supporting information needed to make the payment – e.g. MAAT Ref No.
- Information on possible sanctions for non-payment
- Contact and payment details
- Notification that the defendant's liability may increase post-conviction should further litigator and advocate bills be received.

6.23 **Recovery and allocation of outstanding debts** - Accounts should be updated to monitor the contributions made by Defendants, and their case balanced accordingly. This includes recording:

- Date of payment
- Amount of payment
- Method of payment
- Total contributions made to date (specifying funds which have cleared and are pending clearance)

- Update an Ongoing Payment History
- Contribution balance

There should also be an ability to provide a Defendant with a 'statement', either on a regular basis or on demand of their payments made to date. This includes an end of payment statement.

6.24 Balancing the contributions made by a Defendant for active/open case(s) against the expected monthly contribution would result in:

- Defendant being in credit if they have overpaid
- Defendant being in debit if they have either underpaid or missed payments
- Defendant having zero balance if they have paid exactly the monthly contribution level or upfront payment
- Applying the cost for any enforcement actions taken (due to non-payment) onto the Defendant's balance

The payment balance will then define the amount of the next monthly payment due from the Defendant, and may act as a trigger for either supported or enforced recovery.

6.25 There is also a requirement to enable a Defendant's contribution level to be backdated, for example following a Hardship Review by the Authority, and therefore to recalculate a current balance. This will result in all monthly contributions being set at the new recalculated level.

6.26 If the Defendant pays an upfront contribution before the first payment date, or pays all sums due, the Supplier will send a notification to the Defendant informing them that no further monthly contributions will be required through the course of the case. The notification will need to confirm that a capital or equity contribution might still be required if the Defendant is convicted and has capital or equity above the threshold and their Final Defence Costs are greater than the amount already paid to date.

6.27 If the Defendant fails to make a payment on the designated date, the Supplier will record the non-payment and a second reminder will be issued giving the Defendant the opportunity to make the payment or to contact the Supplier for advice. The second reminder will be sent 5 days prior to any payment due date and will also contain information on how to make an application for a Hardship Review, to ensure that the Defendant is aware of the support available to them.

6.28 **Tracing debtors where appropriate** – If it becomes known, e.g. a letter is returned by the post office, that the Defendant has left the address that is held for them the Supplier will undertake activities to trace them. This is likely to include, but is not limited to, electoral roll checks and tracing tools. The prisoner locator service should also be utilised.

6.29 **Issue notification when all contributions made/costs repaid** - The Supplier must be able to automatically suspend contributions and reminder notices at the conclusion of the case, in the event that the Defendant does not have any outstanding contribution orders in other proceedings running concurrently.

6.30 In order to stop collecting/expecting contributions from Defendants the Supplier needs to be made aware that the trial has concluded. This information will be included in the daily data file:

Trials

- MAAT Ref No.
- Defendant Name (Forename and Surname)
- Defendant Date of Birth
- Address
- Postcode
- Case Number

- Arrest Summons Number (ASN)
- Date of Sentence or Order
- Bench Warrant Issued? Yes/No
- Convicted? – Yes/No
- Imprisoned – Yes/No

Appeals to the Crown Court

The Appeal Type field is mandatory for all Appeals; data will be required when it contains one of the following values:

- Appeal against Conviction
- Appeal against Sentence

The following data items are required for Appeals:

- MAAT Ref No.
- Defendant Name (Forename and Surname)
- Defendant Date of Birth
- Address
- Postcode
- Case Number
- Arrest Summons Number (ASN)
- Date of Sentence or Order
- Dismissed? – Yes/No/Partially
- Imprisoned – Yes/No
- Appeal Type

- 6.31 The Case Verdict data file will be sent to the Supplier via a secure transfer mechanism on a daily basis.
- 6.32 The population of the Sentence/Order Date will inform the Supplier to suspend the collection of any further payments, or the distribution of any payment reminders. However, in these instances where the Defendant is involved in multiple cases, contributions will continue to be required for the remaining cases. The Supplier will also need to calculate that the correct number of contributions have been collected.
- 6.33 The Trial Ruling data will be based on the rulings within each of the counts on the indictment and will be categorised as Guilty, Not Guilty or Plea. The ruling, the contributions made up to that point, and the Defendant's Capital and Equity position, would inform the Reconciliation process and whether the Defendant is expected to make a further contribution from capital or equity.
- 6.34 **Determination of final liability** – If a Defendant either pleads guilty or is found guilty on any charge within a case, they may be liable to meet their legal aid costs. This includes Defendants who had multiple charges and were found guilty on some charges and not guilty on other charges.
- 6.35 At the point of the case/trial concluding the Defendant Account will need to be reconciled to determine accurately whether the Defendant is:
- Eligible for a refund (i.e. contributions exceed defence costs)
 - Still has a financial liability (i.e. arrears exceed contributions made)
 - Did/did not require enforcement activities/enforced compliance to recover any missed payments

Defendants who still have a liability will then have this added to any balance of case costs, which will then be compared against their capital assets, in order to, define outstanding debt. Any arrears should continue to be pursued.

6.36 The Final Defence Cost⁸ for the case will be added to a new Final Defence Cost data file on a daily basis and transferred from the Authority to the Collection and Enforcement System. The file will contain records of all Defendant's that have had a Final Defence Cost calculated that day, and will contain the following data –

- Defendant Name
- Case Number
- Final Defence Cost Amount
- Arrest Summons Number

6.37 This file will exclude acquitted Defendants, as they will have a nil financial liability.

6.38 However, the Authority retains the right to instruct the Supplier to enforce on partial liabilities⁹

6.39 It is expected that the Supplier will already have been updated with the verdict/ruling of the case. When it receives the Final Defence Costs for a Defendant, therefore, it will already know if the Defendant was acquitted or found guilty and therefore whether the Final Defence Costs need to be used for Case Reconciliation (calculating whether there is an outstanding debt or a refund due to the Defendant). There can be a delay of up to six months between the end of the case and notification of final defence costs. In exceptional circumstances this could extend beyond that period.

6.40 The Supplier will use the following information to determine the balance on the Defendant's Account:

$$\text{Outstanding Defendant Liability} = (\text{Defendant's defence costs} + \text{enforcement costs}) - (\text{Contributions made so far})$$

6.41 If this calculation results in the Defendant being "in credit", the Defendant will be refunded the credit amount plus 2% interest, minus any recovery costs incurred, and the Defendant Account will be closed, however, the Supplier must have the ability to re-open contribution accounts to taken into account further costs relating to the case

$$\text{Refund amount} = (\text{Contributions made}) - (\text{Defendant's defence costs} + \text{enforcement costs}) + 2\%$$

6.42 Interest will be added to any debt owed to the Authority by the Defendant. This would be calculated after:

- All cases are concluded
- Final defence costs for all convicted cases are received
- Final liability is calculated (i.e. contribution vs. costs)
- Final debt is calculated (i.e. liability vs. capital and/or equity)
- A Defendant requires a refund

Interest will start to be calculated from the date that the Supplier notifies the defendant that their case has been passed for enforcement action. Interest is calculated on the contribution amount only, and not on any associated enforcement costs. For debts passed for recovery by enforcement, the interest rate will be 6% compound per annum, with rests annually.

⁸ The calculation of final costs will be recovered on receipt of litigators' and/or advocates' final bills by the Authority. These are usually received within 6 months of the conclusion of a trial, but may take longer.

⁹ Partial liabilities are where one element (either advocate or litigator bill) has been submitted but the other remains outstanding over 9 months from Sentence Order date.

6.43 **Refunding Defendants** - Once the case has been closed, reconciled and a final balance established, Defendants who are acquitted will have their contributions refunded (with interest but less any recovery costs incurred) unless the judge rules that the Defendant is still liable for all, or a portion of, their cost due to their conduct. This refund must be sent within 5 Working Days of notice from Authority that a Defendant has been acquitted.

When the Case Outcome data is updated and the contribution collection stopped, the total amount that the Defendant has contributed to that point will be calculated.

6.44 If the Defendant's Account, during the course of their trial, has incurred additional costs at the enforced compliance stage, these will be deducted from the final refund amount. Additional costs can include things such as bank charges paid by the Supplier for the non-payment of direct debits etc. Interest will be added to the total contributions the Defendant will be refunded, i.e. total contribution amount plus interest earned less any enforcement costs incurred.

6.45 As part of the refund process some cases will need authorisation from the Authority before a refund is issued. These include but are not exclusive to cases where there has been a change in the Final Defence Costs.

6.46 As a minimum, refunds should be made available through the following channels:

- Cheque
- BACS transfer
- Debit / Credit cards

6.47 It should be recorded where a Defendant receives and banks any outstanding refund from the Authority. This includes closing the Defendant's contribution case on the Collection and Enforcement System.

6.48 Upon the conclusion of the Defendant's case in the Crown Court, the Authority will provide to the Supplier a status update by transmitting a data file with the case outcome and the final case costs. The Supplier will reconcile this data file against their case management system to determine the Defendant's final liability. Where the Defendant's payments have exceeded the cost of the case or the Defendant has been found not guilty a refund including interest will be due.

6.49 Where refunds are due the Supplier will off-set the value of any refund against monies collected from Defendants contributions and provide to the Authority a case breakdown to support the invoice.

6.50 Where the value of any refund due exceeds those monies collected from Defendants contributions and where the value of the refund is such that it would be unreasonable to expect the Supplier to make payment of such sums, the Supplier will submit an invoice to the Authority for value of the refund.

6.51 For refunds and overpayments, the interest rate will be 2% compound per annum, with rests annually. Where applicable the cost of any Enforcement action taken against the Defendant will be deducted from the refund value.

6.52 Interest on refunds should be calculated at the point of receipt of the final monthly payment. If there has been a break in the payment cycle, and interest on the debt has been notified by the Supplier, interest will be calculated on the debt period first, and that figure will be deducted from any refund. Only then would a calculation be made to establish the amount of the refund due.

6.53 After processing the refund the Contribution Account will be updated to show a zero balance and the account will be closed¹⁰.

¹⁰ The Contractor must have the ability to re-open contribution accounts to taken into account further costs relating to the case.

6.54 Exceptions – Multiple Cases

Defendants who have multiple cases will not receive a refund until all their cases have concluded.

- If the Defendant is acquitted on all cases they will receive a refund (minus any recovery costs incurred) plus interest
- If the Defendant is acquitted on some cases they may receive a partial refund – dependant on case balancing
- If the Defendant is acquitted on some cases their account may be in debt – dependant on case balancing.

6.55 Exceptions – judicial apportionment on costs

Defendants who are partially convicted¹¹ may also be liable to partially contribute toward the cost of their defence if the Judge recommends it. In this event, the ruling will be passed to the Supplier who will need to update the Defendant Account. The cost should be treated as a fee/penalty charge and must be deducted from any refund or added to the Defendant debt.

6.56 As a minimum, capital and equity checks will need to be done within 20 days of Data file receipt of both Convicted/partially convicted status and Final Defence Costs

6.57 There are 3 exceptions where the Supplier will not need to conduct capital and equity checks on cases where insufficient capital between £0 and £30,000 has been declared.

- If the declared insufficient amount covers the outstanding debt, then no further capital and equity checks are needed.
- If equity covers the outstanding debt, then no further capital and equity checks are needed.
- If Income Contributions paid at pre conviction covers the debt, then no further capital and equity checks are needed.

6.58 Once final Capital and Equity means have been identified, and calculations recorded and explained, then the Supplier will add this to the Collection System and the confirmed amount can be used to calculate the outstanding debt/liability and to issue Capital Contribution Order notifications.

6.59 The amount of any outstanding contribution for those Defendants that exceed the equity and capital threshold is dependent upon how much they exceed the threshold by.

To accurately calculate the outstanding debt that the Defendant is liable for, the liability needs to be compared against the amount of capital and/or equity that the Defendant has above their allowable threshold.

For example:

Convicted Defendant has Final Defence Cost of £10,000
Defendant has capital of £137, 000
Defendant has mortgage of 100,000
Defendant equity in capital is £37, 000
Defendant has capital allowance/threshold of £30, 000
Final capital and equity is £7,000
Capital Contribution Order is £7,000

Exceptions – Capital Evidence Sanction

¹¹ Where the defendant is charged with more than one offence, and convicted of one or more, but not all.

The applicable capital and equity threshold is a combined £30,000. If a Defendant has failed to provide their capital evidence within 21 days following their conviction, their allowable threshold of £30,000 may be removed and the Supplier would be entitled to recover any assets they were able to locate.

- 6.60 Where it is proved that Defendants have falsely represented their capital or equity position, full details should be reported to the National Crime Team (NCT).

Where there is a change in circumstances or new evidence comes to light, the Supplier will be required to review, reassess and reissue the Capital Contribution Order. If the value of the debt is reduced, notification to the Authority should be provided.

- 6.61 In any scenario where the applicant's liability over a certain financial threshold as stipulated by Contract manager is reduced or ceases the Supplier should notify the Contract Manager by email in advance.

- 6.62 **Collection of final balance, including notification of final balance** - Those Defendants who at the conclusion of a case have been convicted; have capital or equity above the threshold; and have an outstanding debt; will be expected to pay the balance of the cost of their case. Once the final amount has been calculated the Defendant will need to be informed of:

- Breakdown of how the final contribution has been calculated
- The amount of the debt
- Payment options available
- The Authority's enforcement and recovery rights in the event of non-payment
- Level of compound interest that will added on a monthly basis
- Ability to appeal against final contribution (i.e. appeal against level of capital required to pay)
- Contact details of the Supplier.
- A notification that liability may increase if further bills are received

- 6.63 **Notifications to be sent whilst awaiting defence costs** – After the Sentence order and conviction any defendant that still has a potential outstanding liability will require a reminder letter at this stage and every 3 months thereafter until the final defence costs have been received from solicitor and/or advocates and final financial liability can be calculated.

- 6.64 The Defendant will need to be contacted and informed of their outstanding debt and that interest will be applied to the debt on a monthly basis. This must be sent within 5 Working Days of receipt of the final case cost information from the Authority. The Defendant must be encouraged to make a one-off payment but a facility should be in place for an instalment arrangement to be agreed which will enable the Defendant to pay the debt over an agreed period of time, or a combination of both options.

- 6.65 If the Defendant can demonstrate that they can only afford to pay monthly instalments, the Collection System will calculate the amount due based on the Defendant clearing the debt over an agreed period of time at an agreed rate. The Supplier can agree to instalment plans which would enable the liability including any interest accrued to be cleared within 12 months, and will refer to the Authority if the suggested payment plan would not achieve this.

- 6.66 Similarly to the collection of contributions during the course of the case, the Defendant will have a range of payment channels available to them, including:

- Direct Debit
- Standing Order
- Debit and Credit Card payments by telephone
- Cheque
- Giro
- Paypoint Card

- Online Payments
- Mobile app

6.67 **Remind and chase Defendants where final balance not received** - the Defendant will receive notifications and reminders through one of the following preferred methods:

- SMS text
- Email
- Text to Voice message
- Letter
- Telephone
- Face-to-face engagement

6.68 **Existing Debt** – The Supplier must demonstrate innovative and proactive expertise in reducing and collecting the existing debt accrued to date. Further information on Aged Debt can be found in the Supporting Documents folder in the e-sourcing portal (Bravo).

6.69 **Handling Defendant enquiries** – the Supplier must provide facilities to respond to Defendant's enquiries regarding their account. If these queries are challenging the contribution level or capital determination they may need to be referred back to the Authority. Correspondence must be responded to within 5 Working Days from receipt by the Supplier.

6.70 If the Defendant fails to respond, or does not make a payment, an initial chasing/reminder notification will be sent to them informing them of their responsibility to pay and the enforcement routes open to the Authority /Supplier for non-payment. This could take the form of a letter before action when enforcement is considered a practical, commercial option.

6.71 Any enforcement activity undertaken by the Supplier will take place in the County Court and/or the High Court

Enforcement

6.72 **Application of enforcement sanctions (contributions and final balance)** – All applications issued to the Courts should name the applicant as the "Service provider name on behalf of the Lord Chancellor and Legal Aid Agency". It is expected that Defendants will fall into the following categories when recovering monies:

- Voluntary – pay with little or no intervention
- Supported – need some assistance before paying
- Enforced – require the use of enforcement sanctions before payment is received

6.72 The emphasis should be on targeting the right activities at the right stage to optimise recoveries in the most cost effective manner. The following table shows expectations at each stage of the process:

Stage of Compliance	Pre Conviction	Post Conviction
Voluntary	Initial Notification Letter Initial Reminder (5 working days before payment due)	Final Contribution Notification Letter Initial reminder (5 working days before payment due) Need to issue reminder letter at sentence date and every 3 months thereafter, to remind that their financial liability has not yet been received.

Supported	Reminder letter (5 working days after payment due date) Telephone call SMS Text message E-mail Voice to text message Advice regarding Hardship Route	Reminder letter (5 working days after payment due date) Telephone call SMS Text message E-mail Voice to text message Advice regarding Appeal route
Enforced	Attachment of Earnings Order Distress Warrant Warrant of Execution Motor Vehicle Clamping Order or Motor Vehicle Sales Order Face-to-face engagement	Attachment of Earnings Order Charging Order, including obtaining an Order for Sale Third Party Debt Order Removal of capital threshold – sanction for non-compliance with evidence provision Motor Vehicle Clamping Order or Motor Vehicle Sales Order Face-to-face engagement

6.73 Sanctions available in the enforced compliance stage would be:

Pre- Conviction	Post-Conviction
Attachment of Earnings Order	Third Party Debt Order
Distress Warrant/Warrants of Execution	Charging Order, including obtaining an Order for Sale
Motor Vehicle Clamping Order and Motor Vehicle Sales Order	Attachment of Earnings Order
	Motor Vehicle Clamping Order and Motor Vehicle Sales Order
	6% Interest on money owed
	High Court Order

6.74 The Supplier should have the necessary personnel and legal expertise to ensure the official undertaking of all enforcement options. They will also need to consider if incurring additional costs for any type enforcement will be cost effective and result in the successful collection of outstanding debt.

6.75 If any enforcement costs are incurred while trying to collect the contribution, during the enforced compliance stage, they will need to be recorded as a Defendant cost. The amount incurred in relation to enforcement costs will be added to the Defendant's Account and will increase the total outstanding payment balance. These additional charges are non-refundable in the event of a not

guilty verdict or the case being abandoned. If however, incorrect or unreasonable enforcement costs are incurred by the Supplier then this will be charged back to the Supplier.

- 6.76 **Tracing debtors** – If it becomes known, e.g. a letter is returned by the post office, that the Defendant has left the address that is held for them the Supplier will undertake activities to trace them. This is likely to include, but is not restricted to, electoral roll checks and tracing tools.
- 6.77 **Manage the on-going charge if successfully applied to a property** - If no payment is made, the Supplier will check the Collection System to see if the Defendant has any equity. If the Defendant has more than £30k in equity, a Land Charge could be applied to the Defendant's property and the Defendant will be informed. Costs and land registry fees will be added to the debt and interest will accrue. Once the Land Charge is lodged in on behalf of the Authority, the debt should be managed by the Supplier from that point forward.
- 6.78 **Motor Vehicle Clamping Order and Motor Vehicle Sales Order** – The Criminal Legal Aid (Motor Vehicle Order) Regulations 2013 came into force 30th July 2013. As part of the enforcement activities available to the Authority, these regulations provide the ability for the Authority to apply to the magistrate's court for a Motor Vehicle Clamping Order and a Motor Vehicle Sales Order against monies owed by a Defendant. Applicable charges for the undertaking of these activities are outlined in Schedule 1 of the Regulations.

Operational guidance in relation to Motor Vehicle Clamping Orders and Motor Vehicle Sales Orders was issued by the Authority 30th July 2013:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/366552/motor-vehicle-order-scheme-guidance.pdf

- 6.79 **Assessment in respect of the LAA write off policy** – There may be instances when after undertaking an assessment the Supplier concludes that the effort and/or expense involved in recovering the debt exceeds the probable amount that will be recovered. The Supplier will be able to recommend that the Authority writes off Debts within the Authority's parameters for Deceased, Bankrupt and Untraceable cases. It will be for the Authority to agree based upon the evidence provided by the Supplier
- 6.80 If the assessment is that the debt warrants additional recovery action (for example - a large debt or the knowledge that the Defendant has liquid capital) the Supplier will use the sanctions available to them. In all other instances a referral back to the Authority will be made to enable a decision to be made as to whether the debt should be written off or not for deceased, bankrupt and untraceable cases.

Varying debt balances

- 6.81 Pre conviction Income Contribution Orders can be changed as a result of an action carried out by the Authority such as due new information, changes in circumstances and hardship reviews. In all pre conviction cases the Authority will reassess means and notify the Supplier who will be required to calculate the new debt and provide the defendant with a refund or requesting an additional payment. If the Supplier is supplied information relate to the reassessment of an Income Contribution Order they will send this onto the Authority.
- 6.82 Post Conviction Capital Contribution Orders can be changed due to new information, changes in circumstances, hardship reviews and judicial apportionments. The Authority will reassess and advise Supplier of any revised liabilities where the defendant has approached them direct with new information and will reassess all post conviction judicial apportionment requests or hardship reviews. The Authority will notify the Supplier of all revised liabilities for them to re issue a revised Capital Contribution Order

- 6.83 In post conviction cases where the defendant advises the Supplier directly of any changes in circumstances or new information, the Supplier will be required to verify the new information and reassess and re issue any revised Capital Contribution Orders

7. Contract Management

- 7.1 The Authority will nominate a person who will act as a Contracts Manager (Authority CM). They will be the main contact for the Supplier and responsible for ongoing delivery of the service and overall contract performance.
- 7.2 The Supplier shall nominate a Contract Manager (Supplier CM) who shall be the single point of contact, shall take overall responsibility for the Contract and shall not be replaced without the Authority's prior agreement. The Authority places a high value on Contract Management therefore the time spent by the Supplier CM shall be as agreed with the Authority CM.
- 7.3 The Supplier shall be responsible for ensuring that the provision of Services is carried out with reasonable skill, care and diligence in accordance with the contract and to the satisfaction of the Authority CM.
- 7.4 The Supplier shall be responsible for ensuring that all processes and procedures used in the delivery of the service are supported by work instructions or standard operating procedures and that the latest versions are lodged with the Authority for reference and audit purposes
- 7.5 The Supplier shall be responsible for ensuring that all processes and procedures are subject to quality control, with quarterly reviews. The results of any quality control must be shared with the Authority and where room for improvement is identified that agreed action plans are implemented.
- 7.6 Both parties will endeavour to act, at all times, in the best interests of the objectives of the contract. The Authority CM will, where necessary, undertake to apply the exercise of discretion and reasonableness where any issues may arise.
- 7.7 The Supplier shall provide the Authority CM with reports on the provision of Services and attend any meetings concerning the Services, on an as agreed basis, as a minimum as detailed within the Contract.
- 7.8 The Supplier CM shall meet with the Authority CM at least once a month.
- 7.9 If or when, for whatever reason, the Supplier CM identifies any potential problems in meeting the requirements of the Contract, these should be brought to the Authority CM's attention without delay.
- 7.10 Prior to the Supplier meeting, a separate 'MI Meeting' shall take place between Supplier CM, Authority CM and nominated representatives to agree & finalise the month's Management & Performance Information

8. Management Information

- 8.1 The Supplier will be required to produce a weekly report on first working day following week end on collections performance month to date.
- 8.2 The Supplier will be required to produce a comprehensive monthly Management Information (MI) report prior to monthly Contract Meetings. The report should contain the following monthly or quarterly or ad hoc information as a minimum:

Monthly

- Gross Collections due by month case loaded, at pre conviction, scheme and summary indicating overall collection recovery rate
- Outstanding final total liability/Debt by pre and post conviction with opening balance and closing balance
- Gross Cash and Secure Debt collected against Total Debt (split into ICO and CCO,) monthly and YTD
- Breakdown of collected funds held on behalf of client (i.e. still awaiting outcome of Trial, awaiting Final Defence Costs) before it can be remitted and turned into net income
- Gross collections % Performance; in the form of a matrix showing volume and values of cases by month by scheme for all stages of the life of the cases
- Monthly and YTD Collections Value Target & Actual
- Cash/Secure Debt ratio of collections monthly and YTD
- Remittances Value Monthly & YTD by scheme
- Total remittances opening and closing balance each month by scheme by volume and value against outstanding finalised debt
- Remittance History: Monthly/ Cumulative
- Actual Weekly Remitted Contributions broken down by day
- LAA Accruals Income Report: Monthly/Summary/All
- Case Volume History by Scheme: Monthly/ YTD/ Total
- Numbers and % Analysis of Collectable cases from case volumes and numbers/% not usable and returned to client
- Case Current Debt Value by Scheme: Monthly/ YTD/ Total
- Case status Volume by Scheme
- Case status by Current Debt Value by Scheme
- Net cash collections History: Monthly/ Cumulative /YTD
- Volume of Capital Contribution Orders (CCOs) issued: Monthly/ YTD/ Prior/ All – by stage
- Volume of Charging Orders issued: Monthly/ YTD/ Prior/ All – by stage
- Volume of Attachment of Earnings (AOE's) issued: Monthly/ YTD/ Prior/ All – by stage
- Enforcement costs – volume and value created and shown as a % of Debt book
- Enforcement fees debt outstanding and Enforcement fees debt collected as % of Collections by Enforcement category (Attachment of earnings, Writs, Charging Orders, Third Party Debt Orders and Other)
- Enforcement costs – success rates. Volume and value of enforcement costs by scheme (pre conviction and post conviction) and enforcement category that result in successful payment in full, partial payment or arrangement on main primary debt.
- Exception reporting on case non- progression
- Supplier in-house housekeeping exceptions by case stage
- Top 40 payers and Top 40 debtors
- Payments Due (in coming month) reporting
- Summary report on the activity of the Payments Due report – How much of the payments due were realised, by Scheme.

- Volume of post conviction Capital and Equity cases received, returned to Authority as Nil and checked:
- Volume of Capital and Equity checks by scheme monthly and YTD
- Value of cases received by case scheme monthly
- Server Log
- Post Log
- Monthly IT availability stats (i.e. telephony and website)
- Monthly and YTD total Debt breakdown by Scheme and Stage of total debt
- Monthly Outstanding Finalised Debts (following receipt of Final Defence Costs at conclusion of Trial) YTD broken down as follows
- Total Finalised Debts for a) ICOs and b) CCOs c) Potential Write Offs
- Total Opening balance and closing balance each month
- Cash collected against finalised Debt split between ICO and CCO and opening and closing balance
- Split of unsecured/secured Debt
- Cash collected against Gross secured/unsecured Debt and opening closing balance
- Age profile for final debt split into ICO, CCO and potential write off
- Breakdown of secured debt and how it is secured (i.e. secured against main property, additional property, vehicle or other)
- Breakdown of cases by volume and value that have undergone enforcement which has been successful/unsuccessful.

Quarterly

- Complaints – Volumes, numbers and % justified, partially justified, unfounded and reasons for
- Enforcement Costs & Revenue Monthly and YTD
- Enforcement debt created
- Enforcement fees debt outstanding
- Enforcement fees debt collected
- Split of Payee Behaviour on Finalised Debt (fully paid, partially paid, not paid by scheme)
- Appeals Monthly and YTD
- Appeals debt created
- Appeals cash recovered
- Appeals debt outstanding

Annual or adhoc

- Case Volumes by Offence Type: Monthly YTD & by Scheme
- Gross Collection Amounts by Offence Type: Monthly & by Scheme
- Total case volumes by offence type (pareto) from the start of the scheme
- Total gross collections by offence type (pareto) from the start of the scheme
- Gross Recovery % by offence

8.3 As a minimum, the following MI should be collected by the Supplier and used both for the above report; and be made available at case level, through standard weekly and monthly reporting, in the format specified by the Authority CM.

Acknowledgement of successful receipt of Defendant cases by Supplier (by LAA case reference)

- Number and value of contribution orders received
- Number and value of contributions collected
- Method of payment
- Number and value of Defendants on payment plans
- Aged analysis of Defendants on payment plans

- Number of reminders sent
- A hold action list for any cases pending information
- Which stage of compliance Defendant paid
- Amount written off and number of cases written off
- Number of cases closed where debts fully collected
- Number of cases closed where debts partially collected
- Age of outstanding orders, both overall and by debtor
- Number of accounts reconciled
- Number/percentage of payments from Defendants in custody and their value
- Performance of post conviction capital and equity checks
- Time taken
- Proportion of debts collected in full / in part / no payment received
- Success of collection broken down by payment method e.g. debit / credit card, standing order / direct debit etc.
- Success of collection broken down by asset type (e.g. income, capital - what type e.g. bank account/ premium bond/ equity
- Success of collection from applicants in custody and again from what asset did we collect payment
- Payment plans, when the last payment was received and / or the last contact made
- For accounts where no payment has been received when was last contact made and what was done - letter/phone call visit etc.

8.4 A weekly report will also be required, detailing collections value by scheme. There will also be a requirement for a raw data extract to be provided to the Authority CM at least once a month, which can be used to conduct ad hoc reporting.

8.5 Monthly reports will be required in order to support the Service Level Agreements implemented.

8.6 The Supplier will need to provide the following monthly financial transactional reports to support assurance and audit checking processes:

- Accruals reporting for secured debt acquisition
- Transitional Monies
- Bank Finances
- Returned Cases
- Remittance
- Actual Remitted Contributions
- Income Recognition
- Collection Fees

8.7 As a minimum, these reports will require the following information:

Contribution / Payment data

- MAAT Ref No
- Supplier's unique ID
- Payment Amount
- Date payment received by Supplier
- Method of Payment to Supplier
- Supplier receipt number
- Debt type monies received against e.g.: Income, Capital, Equity
- Minimum payee details as allowed for under data protections e.g.: Name, NI

Refunds of Contributions / Payments

- MAAT Ref No
- Collection Supplier unique ID
- Refund Amount
- Date refund processed by Supplier
- Refund date
- Refund method
- Supplier receipt number for refund
- Debt type monies refunded e.g.: Income, Interest
- Minimum payee details as allowed for under data protections e.g.: Name, NI

Write-off

- MAAT Ref No
- Supplier's unique ID
- Write-off
- Amount
- Type – Write-off reason (deceased, bankrupt, untraceable),
- Supporting evidence
- Date of agreement from Authority for Write-off

8.8 The MI provided will be used by the Authority for the following purposes:

- Audit
- Contract compliance
- Performance management
- Fund control and Financial Stewardship
- Defendant profiling
- Inform any future tender process

8.9 The Authority CM may reasonably request ad hoc reporting as and when necessary for the management of the contract. The requested report must be provided to the Authority CM no later than
7 working days from the date of the request and in the format requested.

9 Contract Performance

9.1 The Authority expect to see a continuous improvement upon current performance throughout the duration of the contract period. For reference, the Service Level Agreements made for the financial year 2018/19 are listed below. SLAs 1-6 refer to 'Collection' targets, SLAs 7-22 refer to 'Admin' targets.

1	Collection rate against total debt book value
2	Performance against monthly collection target
3	Cash collection performance against YTD collection target
4	Performance against annual gross collection target
5	Performance against annual secured debt conversion target
6	Performance against annual 'Aged Debt' target
7	Initial notification letter within 1 working day of account set up
8	Defendant reminder within 5 days following a convicted conclusion at Trial
9	Defendant reminder – 5 days prior to payment due date
10	Defendant reminder – 5 days after overdue payment
11	Dealing with enquiries from the Authority within 5 days
12	Dealing with Defendant enquiries within 5 days
13	Processing of refunds due to the acquitted defendant within 5 days of notification of acquittal/ change
14	Management Information within 7 days of month/quarter end and weekly data on next working day.
15	Ad Hoc Reporting within 7 days of request
16	Complaints responded within a minimum of 5 days

17	Completion of Capital and Equity checks
18	Issue of Capital Contribution Order within 5 days of completion of Capital and Equity Check
19	Defendant Account setup within 1 day of receipt of Data file
20	Transfer of 100% Collected Contributions to the Authority
21	100% Remittance data provided to Authority
22	Provider Website availability

9.2 Service Credits and Debits for Collection and Admin SLAs are outlined in the below tables:

Scoring Key – Collection SLAs (1-6)		
Lower	Upper	Service Credit/Debit
-12	-12	-8.00%
-11	-11	-7.33%
-10	-10	-6.67%
-9	-9	-6.00%
-8	-8	-5.33%
-7	-7	-4.67%
-6	-6	-4.00%
-5	-5	-3.33%
-4	-4	-2.67%
-3	-3	-2.00%
-2	-2	-1.33%
-1	-1	-0.67%
0	0	0.00%
1	1	0.67%
2	2	1.33%
3	3	2.00%

4	4	2.67%
5	5	3.33%
6	6	4.00%
7	7	4.67%
8	8	5.33%
9	9	6.00%
10	10	6.67%
11	11	7.33%
12	12	8.00%

Scoring Key – Admin SLAs (7-22)		
Lower	Upper	Service Credit/Debit
-4	9	-2%
10	12	-1%
13	13	0%
14	14	1%
15	16	2%

9.3 Contract Performance MI against any SLA's should be made available as a management dashboard and at case level, through standard monthly reporting. SLA's will be monitored and assessed internally by the Supplier on a monthly basis and a self-assessment score sent to the Authority CM with supporting reporting evidence. The Authority CM would then assess and assure the monthly score provided by the Supplier.

9.4 Where a service credit or debit is applied, it will be applied to the invoice value of the Services of the month in which those Services are provided. The credit or debit will then be applied to the value of that month's Services in the following month's invoice.

9.5 Where the Supplier is in breach of its obligations under Service Legal Agreements or where the overall level of performance is materially deficient then the Authority may serve a default notice upon the Supplier.

9.6 Where:

- a) The Authority serves a default notice; or

- b) The aggregate number of Performance Points accrued each Month over any consecutive 3 month period is less than -6 against Collections SLAs (1-6) and less than 10 against Admin SLAs (7-22),

the Supplier shall, unless notified otherwise by the Authority, prepare a written rectification plan ("Services Rectification Plan").

The Services Rectification shall be issued to the Authority by the Supplier and shall provide the following information:

- a) identification of the scale of the problem; and
- b) the steps that the Supplier proposes to take to rectify or improve its performance including all failures to meet Service Levels; and
- c) a statement as to how success in implementing the Services Rectification Plan will be measured; and
- d) a statement as to the timescales within which the Service Rectification Plan will be implemented; and
- e) such other information as may be reasonably requested by the Authority.

9.7 The Supplier shall submit the Services Rectification Plan by 5pm, 5 working days following but excluding the day of submission of the Monthly Report in which performance points are accrued. The Supplier shall make amendments to the Services Rectification Plan as may reasonably be requested by the Authority and approve (or amend) the plan within 10 working days of its submission.

9.8 As soon as the Authority has approved the Services Rectification Plan, the Supplier shall fully implement the plan in accordance with its terms.

9.9 If the Supplier fails to fully implement the Services Rectification Plan in accordance with its terms, the Authority may:

- a) make such arrangements through another provider, third party or by itself, to provide and perform the Services in whole or in part to which the Supplier is in default. Any expenditure incurred, performing the services defaulted by the Supplier shall be paid in full by the Supplier to the Authority upon request.
- b) treat such failure as a fundamental breach of the Agreement and terminate the Agreement with immediate effect upon giving notice in writing.

9.10 Should the Supplier:

- a) incur aggregate performance points each month of less than 17 for 6 or more consecutive months or less than 204 performance points in any Services Year; or
- b) be issued with 6 or more default notices in any period of 12 consecutive months;

then the Authority shall have the right to terminate the Agreement with immediate effect upon giving notice in writing without incurring any liability.

10. Assurance

- 10.1 The Authority must be satisfied that the Supplier has sufficiently robust internal quality and audit mechanisms in place and will conduct spot check audits. The onus will be on the Supplier in order to demonstrate to the Authority CM that robust internal processes are in place and the Supplier must provide the Authority CM with a quarterly report in relation to internal assurance and risk management.
- 10.2 The Authority reserves the right to carry out direct or indirect assurance activity to ensure that all SLAs are complied with and that all cases referred to the Supplier are processed in a timely manner. We also reserve the right to carry out assurance activity to ensure that all money paid to the Supplier is correctly remitted back to the Authority and that all call handling, complaints and correspondence are dealt with to a satisfactory standard. The Supplier must provide all necessary assistance at nil charge to the Authority in supporting this assurance activity.
- 10.3 The National Audit Office (NAO) carry out value for money audits under their statutory powers – either directly themselves or through their appointment of auditors to conduct work on their behalf. The outcome of such audits will be shared between all parties.
- 10.4 The Supplier must also provide International Standards for Assurance Engagements (ISAE) 3402 report annually.
- 10.5 The Supplier will notify the Authority as soon as it identifies:
- Fraud (or attempted fraud)
 - Control weaknesses
 - Any risk in relation to information assurance
 - Any situation that may adversely affect public funds
 - Any situation that may constitute a potential breach of the Supplier's obligations under relevant legislation
- 10.6 The Authority CM will conduct an audit. Should the Authority CM still not be satisfied upon audit, the Supplier will then be subject to a plan targeted towards corrective action. If performance does not improve, or worsens, the Authority CM will then seek to enforce any more severe corrective action available to him/her under the terms of the contract.
- 10.7 The Supplier must have sufficiently robust money laundering detection and fraud awareness processes in place in compliance with relevant legislation including the Money Laundering Regulations 2007, Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015) and the Financial Services and Markets Act 2000.
- 10.8 The NAO will review the effectiveness of the Services, and will be particularly interested in the following areas of the scheme:
- Collection of capital evidence and completeness of capital asset disclosures
 - Defendants who default on payments
 - Control of refunds
 - Those Defendants who the write off policy has been applied to

Payment Card Industry Data Security Standard (PCI DSS) Compliance

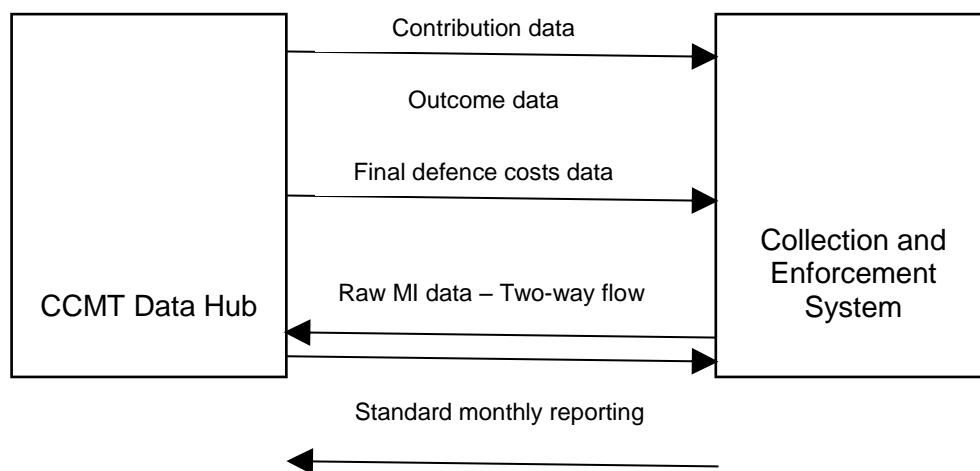
- 10.9 Where the Supplier intends to accept payments by debit/credit card the Supplier must have either:
- Been certified by a Qualified Security Assessor and Approved Scanning Vendor (as applicable) as being compliant with the PCI DSS version 1.1; or
 - completed an internal self-assessment and will adhere at all times to the terms of the PCI DSS and will notify the Authority promptly in writing of any changes in the Supplier's certification.
- 10.10 The Supplier must validate compliance in the manner deemed appropriate by the card scheme industry on an annual basis and provide the Authority with written evidence of compliance annually.
- 10.11 The Supplier will be responsible for any costs incurred to attain and maintain compliance with PCI DSS.
- 10.12 The Supplier must meet all PCI DSS requirements, on a continuing basis, including but not limited to any subsequent versions of the PCI DSS.
- 10.13 The Supplier must be responsible for the security of all Cardholder Data in the Supplier's possession
- 10.14 The Supplier must notify the Authority and the card scheme industry immediately if it knows or suspects that there has been, or will be, a breach of the security of Cardholder Data or of the PCI DSS.
- 10.15 The Supplier must indemnify the Authority, its subsidiaries, affiliates, officers, employees and agents from and against all actions, demands, costs, losses, penalties, damages, liability, claims and expenses (including but not limited to reasonable legal fees) whatsoever incurred by it or them arising from the Supplier's non-compliance with, or breach of, the PCI DSS or breach of Cardholder Data security.
- 10.16 The Supplier must cease taking payments, by debit/credit card, on behalf of the Authority in the event that the Supplier becomes non-compliant with, or suffers a breach of, the PCI DSS or breach of Cardholder Data security.

11. IT Systems

11.1 The current method for the transference of data is via FTPS (File Transfer Protocol Secure). It is anticipated that this method may change, in time, to an HTTPS web service interface. The Supplier should be able to provide a suitable IT interface to accept data from the following systems:

- LAA - XML format

11.2 The diagram below outlines the type of data to be exchanged between the Authority and the Supplier:



11.3 The Authority would expect to see evidence of existing processes in place in relation to good error handling for any corrupt data and sufficient validation processes.

11.4 The Supplier's Case Management System must be sufficiently sophisticated and flexible in order to deal with any update to information and a change in debt balance where a defendant's financial circumstances change.

11.5 Any hardware costs or licensing costs incurred (for any software etc.), associated with the provision of the service, will be considered to be an overhead for the Supplier to incur.

11.6 Applicants must also demonstrate how testing of the service will be provisioned during initial implementation and for any changes to the service made during the life span of the contract.

12. IT & Information Security

- 12.1 The Supplier must, at all times, comply with relevant legislative requirements, with particular reference to the Data Protection Act 1998.
- 12.2 Extract / Export Capability & Format:
- The Supplier must have the ability to extract and transfer raw data to the Authority.
- 12.3 Secure Data Transfer:
- Data will be provided in XML format.
 - Information should also be provided in PDF format in relation to case closures.
- 12.4 Receipt of Data:
- The Supplier will ensure that the target locations (that data will be transferred to) will be available to receive data files within an agreed window.
- This includes ensuring the applications/systems providing data have the necessary access permissions and rights.
- The Supplier's system can automatically acknowledge the successful receipt of data files or flag to the "sending" organisation or system when data transfer has been unsuccessful.
- 12.5 Scanning Capability: There may be occasions where photocopied documents are received by the Supplier. It is expected that the Supplier will have the capability to scan the documents and input the data into their Collection System.
- 12.6 Access:
- Only a user with a valid and active username and password will be able to log-on to the Collection System.
 - The Collection System must enforce users to define stronger passwords by:
 - o Enforcing a minimum of 8 characters per password
 - o Enforcing the inclusion of both letters and at least one number in the password
 - Ideally the Collection System must enforce users to define stronger passwords by enforcing a non-alpha or numeric character into the password (e.g. £, \$!, *, ?)
 - The security and secrecy of a user's password is enhanced by ensuring the user must choose a new password every 31 days
- 12.7 In addition, the Collection System must be able to amend the password expiry time limit, in the event that the policy changes in the future.
- 12.8 Security:
- The secure file transfer mechanism should be proportionate to the sensitivity of the data transferred (and subsequent risk) and could include:
 - o HTTPS
 - o FTPS
 - o SSL
 - o CJSN
- 12.9 Standards:
- Any Supplier that hold, manage or transfer CCMT data, on behalf of the Authority, will be expected to demonstrate their adherence to:
 - o The LAA's Security Policy Framework
 - o HMG IA Number 6 (The Handling Information Risk (Hannigan) Report)
 - o ISO/IEC 27001

This includes any Sub-Suppliers or additional service providers that the Supplier has sub-contracted to and has access to CCMT data. Any Sub-Supplier must be approved by the Authority CM.

12.10 Back-Up:

- A full backup of CCMT data must be taken each night.
- Any back-up of data must be encrypted.
- The back-up media will be on a 31-day rotation.
- The Supplier must ensure that media for backups are taken and stored off site within 24 hours of completion; in the intervening time media must be securely stored in the Supplier's fire proof safe
- The Supplier must ensure the Authority are able to audit the Supplier's backup logs and records of test restores
- An estimated timetable for completing the restoration of the CCMT data must be provided by the Supplier within 30 minutes of the request being made.

12.11 Recovery Standards:

In the event of a disaster:

- Fail-over to a secondary data centre or managed service provider
- Recovery within 48-72 hours of DR being instigated
- Minimal data loss – to the last back-up

12.12 Data Retention:

The retention periods are based on the type of information held and are as follows:

- Personal – Name, Date of Birth, NiNo etc.- 6 years after the completed application is received
- Contact – Address, email, landline – 3 years after the completed application is received
- Means – Equity/Capital – 6 years after the means are assessed
- Contribution Amount & Order – 6 years after Issue
- Payments – Made & Missed - 6 years after the Final Contribution balance (debt) has been cleared
- Enforcement Actions - 6 years after the Final Contribution balance (debt) has been cleared
- Final Contribution Order – 6 years after the Final Contribution balance (debt) has been cleared

The retention schedule clock should be “reset” if –

- The Defendant provides an update or additional information to the data previously provided
- Data that a Defendant has previously supplied is reused for a new legal aid application (i.e. previous address or bank account number are still the same at the point of a later application).

12.13 Data Disposal:

- CCMT data will be permanently deleted from all systems, and MI repositories/warehouses at the point of their retention period being reached.
- An audit record will be kept of any instance of a Defendant's personal data being viewed, and the time a specific user has accessed/viewed it.
- This will be maintained in an audit history associated against the Defendant, and will be accessible on demand (e.g. in the event of a Data Protection query).

12.14 The Supplier must have a fully tested Disaster Recovery Plan. This should include alternative options and how often they are tested.

13. Flexibility, Innovation and Continuous Improvement

- 13.1 Flexibility is required from the Supplier throughout the Contract, with an ability to respond to changing requirements, for example, to implement any future process amendments required through changes to legislation. In addition, the Supplier shall work strategically with the Authority to meet the objectives of the contract and assist in achieving ongoing increased performance against any set targets.
- 13.2 The Supplier will be required to review the various elements of the Services to develop and continuously improve processes and procedures, working proactively to add value to the Services to the Authority throughout the duration of the Contract. This may include piloting of new ideas and initiatives, proposing and implementing advances in technology or software, and streamlining processes.
- 13.3 Proposals are to be presented with clear identified benefits and risks. Those involving a cost element are to be fully costed, with payback timescales identified, and any reductions to the fees.
- 13.4 The Authority is open to negotiating the gain sharing of cost benefits of any new cost saving initiatives implemented during the Contract period. The Authority would therefore propose to apply a performance driven payment/gain share model in relation to the new initiative as it is believed this will further drive the right behaviour between the two parties.
- 13.5 As part of the Supplier's day-to-day operations, feedback obtained from any customer surveys and quality reviews should be part of the basis for ongoing continuous improvement of the Services provided.
- 13.6 The Supplier and Authority CM will conduct quarterly review meetings in order to identify any areas for improvement in the services.

14. Payments between the Authority and Supplier

- 14.1 The Supplier shall pay all monies received from Defendants into the Authority's account separate from all other monies administered by the Supplier.
- 14.2 The Supplier shall remit all monies collected from Defendants to Authority on a daily basis. Monies shall be remitted to the Authority no later than 5 Working Days after collection, except for cheque payments from Defendants, which shall be retained in the Supplier's client account for up to 5 Working Days until cleared before being remitted to the Authority. This will ensure that no payment made by a Defendant to the Authority is dishonoured, however, if any payment following this period of time is reversed, the Supplier will be liable to honour the payment.
- 14.3 Each remittal shall be by use of the BACS payment system, and shall be accompanied by a schedule detailing the following information:
- Full name;
 - MAAT number;
 - Amount being remitted to the Authority.
- 14.4 In addition, each schedule shall include a statement of the amount being held awaiting clearance together with details of which Defendants are affected.
- 14.5 The Supplier will be entitled to submit an invoice for payment for providing the Services in accordance with the Conditions of Contract. The payment terms of such invoices are thirty days from receipt of such correct invoice. The invoice must be presented in summary form and supported by a case level breakdown of service delivery costs.
- 14.6 At the end of each Month of the Agreement Period the Supplier will send to the Authority a tax invoice in accordance with the Value Added Tax Act (VAT) 1994 in respect of sums due to the Supplier as follows:
- the agreed Fee;
 - any sum agreed or determined in accordance with Clause 9.3 of VAT 1994
 - less any amounts due to the Authority in accordance with the Specification (including a credit note in respect of any Service Credits due to the Supplier and a debit note in respect of any Service Debits due from the Authority each as provided for in the Service Level Agreement. Such invoice shall be accompanied by full substantiating documentation, including the Monthly Service Statement and a breakdown by Defendants against Authority and Supplier Defendant unique references, as is necessary to satisfy the Authority that the sums shown in the invoice are correct.
- 14.7 The Authority shall notify the Supplier not later than five (5) days after receipt of an invoice specifying the amount (if any) of the payment made or proposed to be made by the Authority and the basis on which that amount was calculated. If the Authority notifies the Supplier in writing that it disagrees with the invoice, the Parties shall co-operate in good faith to resolve the disagreement as amicably and promptly as possible.
- 14.8 Subject to the above, the Authority shall pay invoices correctly submitted on or before the final date for payment, which shall be 30 Working Days after the date on which such invoice was received.

- 14.9 The Fee together with any other payments due from the Authority to the Supplier shall be exclusive of Value Added Tax and all references to Fees in this Agreement shall be regarded as exclusive of Value Added Tax. The Authority shall pay to the Supplier a sum equal to the Value Added Tax properly chargeable on the value of the provision of any Services under this Agreement.
- 14.10 If the Authority wishes to make any deduction or set-off from any amounts due to the Supplier it shall give the Supplier notice of the same which notice shall specify: -
- the amount proposed to be withheld and the ground for withholding payment; or
 - if there is more than one ground, each ground and the amount attributable to it.
 - Such notice shall be given not later than five (5) Working Days before the final date for payment of each invoice under Clause 10.3 of the Value Added Tax Act 1994.

Payment of Contributions Collected, Reconciliation & Refunds

- 14.11 During the Operational Services Period the Supplier shall:
- open and operate Defendant Accounts and collect Contributions from Defendants;
 - transfer Contributions Collected plus interest accrued on late payments (less any Contributions Collected which are not Cleared Funds and any Deductions) to the Supplier on a daily basis on Working Days agreed in advance by the Authority; and
 - reconcile Defendant Accounts and make Refunds to Defendants, where applicable in each case in accordance with the requirements, processes and time limits set out.
- 14.12 Where the value of any Refund is significantly greater than the Contributions Collected, the Supplier may make a request to the Authority for a sum equivalent to the Refund less Contributions Collected as further provided in the Specification. Any such requests must be made on a weekly basis with each such request being supported by a full case breakdown. Subject to its reasonable verification of any such requests, the Authority shall pay the Supplier the sum requested within 7 days of its receipt of the request.
- 14.13 The Supplier must make any requests for payment by the Authority of Unrecovered Enforcement Costs by means of a Monthly invoice supported by a full breakdown. Subject to its reasonable verification of any such requests, the Authority shall pay the Supplier the Unrecovered Enforcement Costs requested within 30 days of its receipt of the request.
- 14.14 The Authority reserves the right to refuse to pay un-recovered Enforcement costs back to the Supplier where it is agreed that the enforcement costs were incurred in error by the Supplier

15. The Supplier and the Supplier's Staff

- 15.1 The Debt Collection and Enforcement Supplier shall:
- Not unlawfully discriminate whether in relation to race, gender, religion, age or otherwise
 - Comply with its obligations under all relevant legislation and, in particular, the Equality Act 2010 (specifically sections 149 and 150) and the Data Protection Act 1998.
 - Comply with the regulations of the Financial Conduct Authority and the Market and Competition Authority.
 - Ensure that staff comply with the National Standards for Enforcement Agents, published by the MoJ in 2014 (<http://www.justice.gov.uk/downloads/courts/bailiffs-enforcement-officers/national-standards-enforcement-agents.pdf>).
- 15.2 The Supplier's staff shall operate under the direction and control of the Supplier, who shall be responsible for their conduct and discipline at all times.
- 15.3 The Supplier's staff shall at all times during their engagement in the delivery of the Services under the Contract be servants of the Supplier and this includes the self-employed.
- 15.4 Where the Supplier engages self-employed staff, or work is sub-contracted out, the Supplier shall not seek to transfer any responsibilities from themselves to self-employed staff so as to dilute the Supplier's responsibilities in respect of the Services provided to the Authority.
- 15.5 The Supplier should detail and agree any sub-contracting or outsourcing arrangements they wish to enter into with the Authority CM in advance.
- 15.6 All staff engaged by the Supplier shall possess the qualifications, competencies, licences and identification appropriate to the tasks for which they are employed.
- 15.7 The Supplier's staff undertaking door step services shall be certificated, security vetted, trained in Health & Safety and be aware of their duties under the Human Rights Act 1998. The Supplier shall ensure the certification is renewed every two years as required by current legislation including The Credit Services Association Code of Practice.
- 15.8 The Supplier shall issue each individual authorised to execute warrants or orders with an identity card displaying a photograph of that individual and that these are carried at all times and whether demanded or not shall be shown to every person against whom the Supplier is executing a process.
- 15.9 The Supplier shall ensure that the Authority has current details of recruitment and selection procedures, security vetting procedures and training programme for its Enforcement Agents. It shall also supply details of how Enforcement Agents are monitored for performance, and how convictions are declared.
- 15.10 The Supplier's Enforcement Agents and other employees shall at all time operate in a professional and appropriate manner. They shall be sensitive to the need to ensure they do not discriminate against anyone on the grounds of any protected characteristic outlined in the Equality Act 2010. They shall not bring the relevant procedures or the Authority into disrepute.
- 15.11 The Supplier shall supply a copy of its code of conduct, plus any updates as they are adopted.

- 15.12 The Supplier should undertake 'on the street' auditing of Enforcement Agents and vehicles should be tracked by GPS devices. Any concerns should be raised with the Authority.
- 15.13 The Supplier's procedures and working methods should be transparent and known to and followed by its entire staff. Guidance should be updated regularly and communicated to all staff.
- 15.14 The Supplier shall disclose details of its management structure and senior staffing levels annually, upon request from the Authority CM, or when any changes occur during the period of the Contract.
- 15.15 The Supplier's staff should be experienced in working with the public and vulnerable groups in society.
- 15.16 The Supplier should have a recruitment policy for filling vacancies and induction policy for new starters. This should be shared with the Authority.
- 15.17 Staff should have regular appraisals with their line manager to promote their development and to monitor their performance.

16. Identity and Integrity of Employees

- 16.1 The Authority operates the agreed Government security checks and its security policies require that appropriate checks must be made on Supplier's employees to give assurance as to their reliability.
- 16.2 The Supplier must make full use of criminal records checks in assessing suitability of individuals to hold certain posts. Such checks are used where the security of people, information or property are assessed to be at a particular risk from potentially unreliable employees, and where it is considered that a basic employer check gives insufficient assurance.
- 16.3 In addition to basic employer checks we may specify, all staff employed by the Supplier, including temporary, sub-contracting staff and those employed on contracts for services, and however involved in the processing and execution of warrants must undertake a standard disclosure check through the Criminal Records Bureau. These checks shall be renewed every 3 years and any costs associated in the undertaking of such checks will be incurred as an overhead by the Supplier.
- 16.4 The Supplier shall keep a record of the Standard Check and as part of the regular contract management procedures; the CM will carry out checks of the appropriate records as part of the performance management.
- 16.5 The Supplier is advised that the level and type of checks required may change during the period of the Contract. The Supplier is expected to co-operate with the Authority in implementing any required changes. The Criminal Records Bureau can be accessed at www.crb.gov.uk.
- 16.6 The Supplier shall inform the Authority CM by a report, as specified below, and in writing within 24 hours, of any situation listed below occurring where:
- The MoJ/LAA (the Authority) will be, or likely to be held in disrepute
 - Any gross misconduct, suspected or known, involving an employee or agent, in respect of any of the following:
 - o Any criminal offence or conviction involving dishonesty or violence
 - o Falsifying records, or knowingly aiding and abetting others to do so
 - o Misappropriation of money
 - o Abusive or threatening behaviour
 - o Assault or offence against the person
 - Any investigation by the Supplier or any other organisation (e.g. police) in relation to any of the instances above is being conducted
 - Any investigation of the Supplier by the police / FCA.
- 16.7 The report referred to above shall be in writing and shall be sent immediately by signed or recorded delivery to the Authority CM. It shall specify the person, to whom it applies, indicating what disciplinary action has been taken by the Supplier.

- 16.8 Confidentiality Agreement - Each employee shall be briefed on organisational security procedures and the provisions of the Official Secrets Act –1911-1989 and shall abide by the security procedures and the regulations of the Official Secrets Act 1911-1989. Each employee must also be aware of their obligations under the Data Protection Act 1998.
- 16.9 The Supplier and its staff must comply with Sections 33 and 34 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012. These sections of the act outline restrictions on the disclosure of information of those in receipt of legal aid. Criminal penalties applicable to individuals disclosing information in contravention to these sections are also outlined.
- 16.10 The Supplier shall ensure that their managers maintain the standards of security expected and brief employees about the protection of assets and processes under their control. In particular, they should be on the lookout for any potential difficulties or conflicts of interests among staff and, where identified, report any concerns as soon as possible to the Authority CM.

17. Company Registration and Insurance

- 17.1 The Supplier shall be, and remain, registered at Companies House (the Supplier to forward proof annually) during the period of the Contract. The status of partnerships and consortia will be checked by the Authority before entering into the Contract.
- 17.2 The Supplier must be aware of and comply with any necessary legislative and regulatory requirements and changes in order for them to legally discharge their duties under the Contract.
- 17.3 The Supplier must comply with the Code of Conduct of the Financial Conduct Authority, the Market and Competition Authority and the Credit Services Association.
- 17.4 The Supplier shall ensure that they have in place a bond or similar insurance policy, of a sum adequate to cover the total amount of money collected from Defendants likely to be being held by the Supplier awaiting remittal to the Authority at any one time. Should volumes change, the Supplier shall adjust this bond or insurance policy accordingly.
- 17.5 The Supplier shall accept full responsibility for any wrongful act or misdoing arising during the enforcement process, and agrees to indemnify the Authority against any claim against the Authority arising from any such wrongful act or misdoing by the Supplier.

18. Customer Service & Complaints

- 18.1 All customer feedback, Complaints, queries and issues must be recorded and reported in the monthly MI report.
- 18.2 All press enquiries and external communications should be referred to the Authority CM.
- 18.3 The Supplier must have processes in place to refer Data Protection and Freedom of Information Act requests and should notify the Authority CM immediately should these circumstances arise.
- 18.4 The Supplier must adhere to an agreed complaints process with Authority.

Identifying a Complaint

- 18.5 A complaint is any communication received which expresses a negative comment regarding the services provided and seeking specific redress ("Complaint").
- 18.6 A Complaint can be verbal, written (e-mail or letter), or made in person but, in all cases, the same consistent procedures should be followed by the Supplier.
- 18.7 If the Supplier receives any Complaints about anything other than the Services or itself the Supplier shall notify the Authority CM in writing immediately.
- 18.8 If the Supplier receives any Complaints about itself or the Services, the Supplier shall follow the procedures outlined below.
- 18.9 If the Supplier becomes aware of any act or omission of itself that may justify a claim being made against the Supplier, or the Authority, the Supplier shall, in addition to following the Complaint procedure set out below, promptly advise the originator of the Complaint in writing to seek independent advice.

Internal Complaints Procedure

- 18.10 The Supplier shall initially handle all Complaints received through mutually agreed internal Complaints procedure. At a minimum, the complaints procedure shall include:
 - A process for informing complainants about how and to whom they should complain;
 - A process for identifying any rapidly and fairly dealing with Complaints;
 - How Complaints are recorded;
 - How to identify the cause of a Complaint and respond to it (including acknowledging Complaints, telling the complainant when they will receive a substantive response, explaining to whom they should take matters if they remain dissatisfied at any stage, providing options for redress and for correcting any underlying problem or unsatisfactory procedure or process);
 - A process for recording information to prevent any future similar Complaints;
 - Identification of who has responsibility for Complaints handling (generally and ultimately, including who is responsible for Complaints made about the person who would ordinarily have ultimate responsibility); and
 - The process for reviewing Complaints (what is reviewed, when and by whom).
- 18.11 The Supplier shall ensure that all of the Supplier's Staff dealing with Complaints are adequately trained and supported in order to comply with the requirements of this Specification.

- 18.12 Within 1 Working Day of receipt of a Complaint the Supplier shall send a letter to all complainants including the following details:
- An acknowledgement of receipt of the Complaint;
 - A description of the next steps to be taken in resolving the Complaint; and
 - Contact details of the person dealing with the Complaint.
- 18.13 Complaints received after 4pm on a Working Day or on a day other than a Working Day shall be deemed to have been received on the next Working Day.
- 18.14 The Supplier shall keep a central record of every Complaint received. For each Complaint, the Supplier shall record the details specified below and copies of all documentation (usually correspondence) showing how it was resolved. Documentation should be held on the central record or the case file with a cross reference in the central record.
- 18.15 The Supplier shall review the central record at least quarterly to identify trends and to determine whether action can be taken as a result, to improve the Services being delivered. The results of these reviews must be documented and stored on the central record and should be shared with the Authority.
- 18.16 In relation to assurance activities, Authority is entitled to access and take copies of this central record, or any documents relating to individual Complaints at any time. The Supplier shall provide the Authority with this information within 2 working days, on request.

Complaints Escalation

- 18.17 If, following the conclusion of the Supplier's agreed internal Complaints procedure, a complainant is not satisfied with the outcome of their Complaint, or the way in which the Complaint was handled, the Supplier shall contact the Authority CM for the matter to be dealt with in accordance with the LAA Complaints Procedure. A copy of the LAA Complaints Procedure can be provided on request.
- 18.18 Where a Complaint is escalated in accordance with this Paragraph, the Authority will use reasonable endeavours to resolve the Complaint and the Supplier shall provide all assistance required by the Authority to assist the Authority in resolving the Complaint in accordance with the LAA Complaints Procedure.

Timescale for the Resolution of Complaints

- 18.19 The Supplier shall deal with all Complaints promptly from notification. In the letter of acknowledgement described above, the complainant must be provided with an initial estimate of the timescale for resolution of the Complaint. The complainant must be provided with a regular update on the status of the Complaint (including any changes to the likely timescale for resolution) and in any event, not more than 5 Working Days from the previous update.

Timescale for the Resolution of Complaints & Correspondence received by Authority

- 18.20 The Supplier shall provide the Authority with any reports or copies of correspondence within 24 hours to enable the Authority to deal with any complaints sent directly to the Authority by the complainant.

Reporting Complaints

- 18.21 The Supplier shall record details of every Complaint received. This will form a "Complaints Log" showing the following information:

- Complainant's name;
- Complaint reference number;
- MAAT Ref. No;
- Owner of the Complaint;
- Delivery type e.g. letter, e-mail etc.;
- Date Complaint received;
- Description of the Complaint;
- Date holding letter was sent;
- Date full response was sent;
- Equalities monitoring data – complainant's age, gender and ethnicity;
- Action taken; and
- Whether the complaint was justified or unjustified.

In addition to maintaining the Complaints Log the Supplier shall collate Complaints and carry out an analysis of their root cause at least once a quarter.

This analysis shall include:

- Rolling Volume of Complaints broken down by Quarter;
- Rolling Volume of complaints upheld, partially upheld and not upheld by Quarter;
- A rolling summary of Complaints by reason category broken down by Quarter;
- An investigation into the cause/ findings of any Complaints with details reported monthly;
- Recommendations to improve the level of service offered to customers; and a plan setting out all actions necessary to address the causes of justified complaints within a period of three (3) months.

19. Exit Arrangements

In addition to Section H9 (Exit Arrangements) of the Contract the Supplier will also:

- 19.1 Allow full access to existing accounts and closed records within the LAA retention period (see Section 12.12) to include all reports, Collection and enforcement case records, call centre, and administration notes on systems and copies of correspondence and complaints and any other information necessary to achieve an effective transition without disruption to routine operational requirements.
- 19.2 All open and closed records in para 19.1 (up to agreed retention period – see 12.12) shall be transferred back to the Authority on completion of or earlier than the termination of the contract with minimum disruption to routine operational requirements in an agreed accessible/readable format for transfer to any new Service Provider.
- 19.3 If in the performance of the above obligations in paras 19.1 to 19.5, the Service Provider does not have to use resources which are used to deliver normal operational requirements prior to termination or expiry of the contract, there shall be no change to the Price. If the Service Provider reasonably incurs additional costs in the performance of such obligations, the Parties shall agree a Variation to the Price based on the Service Providers rates set out in Schedule 2 (Pricing) for forming the basis for Price.
- 19.4 Charging Orders on Expiry or Termination if there is a replacement Service Provider - The Service Provider shall not less than 30 days before expiry or termination of the contract provide a categorised list to the Authority of all Warrants and Orders, by category, that are in its possession to include details of Issuing Court and stage of execution (Application pending, Granted, awaiting lapse of appeal period) where the case is still open.
- 19.5 The Service Provider shall also provide separate lists of all Attachment of Earnings applications, Interim Charging Order applications and Final Charging Order applications not yet granted and Final Charging Orders awaiting lapse of appeal period in order to allow the new Service Provider obtain consent of the Issuing Court to continue to undertake execution activity.
- 19.6 After confirmed transfer by both Parties of all records and obligations above in paras 19.1 to 19.6, all data will be permanently deleted from all Service Provider systems, and MI repositories / warehouses. The Supplier CM will confirm this to the Authority CM in writing, within 7 days after confirmation by both Parties of transfer of all records and obligations.

Annex A – Process Flow Diagrams

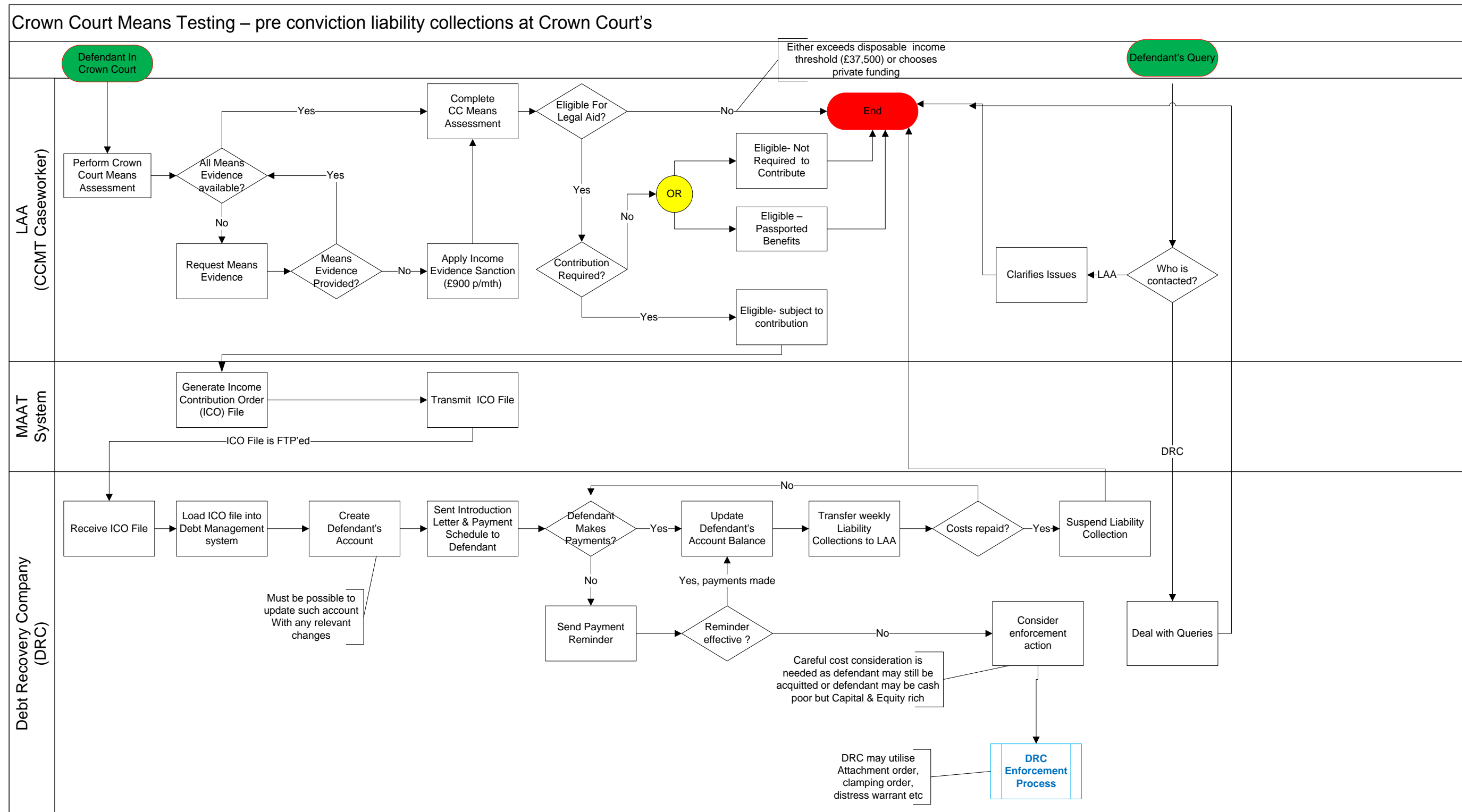
Defendant's case will first be heard in a Magistrate's court and then they may be committed, sent or transferred for trial at the Crown's Court.
The liability (ICO file) will only be created at Crown Court, if relevant, and sent to the Debt Recovery Company (DRC).

All LAA Crime Legal Aid Debt is stored in OneStep - Rossendale's debt management system.

If a defendant is found not guilty the contributions must be refunded by the DRC.

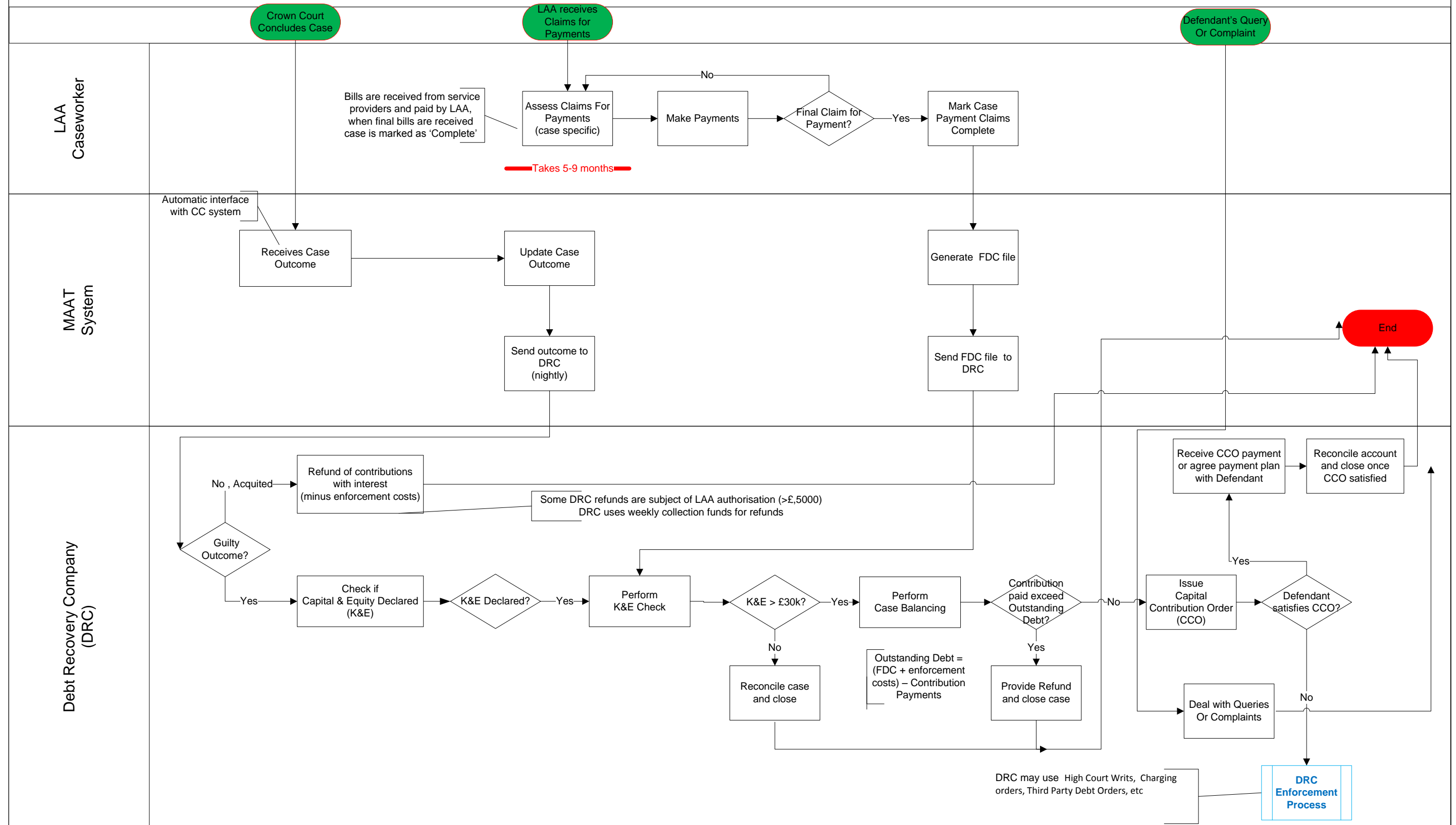
The defendant's liability schedule includes 6 monthly payments (each > £255) – if a defendant makes one overall payment or makes regular monthly, timely payments – they are only required to cover 5 month's liability – they get one month payment bonus.

The business process below is a 'happy path' – a scenario which excludes change of circumstances re-assessment and hardship assessment.



This happens only after the case has been concluded in the Crown Court – defendant was either acquitted or was found guilty .

Crown Court Means Testing – post conviction Capital and Equity debt collections for defendants who are a subject of Legal Aid Contributions



Annex B – Pricing Model

- B1. The pricing model is based upon a unit price by case type. Further to this there is provision for service credits / service debits based on performance against Service Level Agreements (SLA's).
- B2. The Units of work are categorised as follows:
- Income Contribution Order Cases
 - Capital Contribution Order Cases
 - Capital and Equity Checks
 - Appeal Cases
 - Enforcement Fees – costs incurred by the Supplier in order to undertake these activities will be remunerated at the rates outlined in Annex C. The Defendant is liable for the fees incurred under this unit of work and any costs incurred are to be remitted back to the Authority once recovered from the defendant.
- B3. This model provides a degree of certainty in relation to expenditure or income for both the Authority and the Supplier. Due to the nature of the Services, the Supplier may realise profit on some cases but also may realise a comparative loss in relation to more administratively onerous cases.

Payment by performance

- B4. Under this model, the Authority will also remunerate based upon performance against the SLA measures (see Section 11). These measures are to ensure that the Supplier is achieving the optimum levels of Debt Collection and Enforcement actions and performing at the most effective level.
- B5. Performance against the SLAs will be reported upon monthly, as detailed above, and may result in service credit or debit, dependent upon Supplier performance.
- B6. This particular aspect provides for an initial certainty of expenditure or income for the Authority and the Supplier subject to satisfactory performance. It is anticipated that this would also drive positive behaviours in order to maximise debt collection targets and rates.

Annex C – Enforcement Costs

The following enforcement costs will be recovered from the Defendant, however, any unrecovered enforcement costs will be invoiced to the Authority:

<u>LAA Name</u>	<u>Price</u>
Charging Order – Court Lodging Fee	£44
Charging Order – Court Fees	£110
Charging Order Fixed Costs	£69.50 or £75.50
Charging Order – Disbursements (Solicitors Fee)	£110
Charging Order – Solicitors Attendance Fee	£70, £80 or £85
Land Registry Fees – Fee to Land Registry to register the Award	£20
Charging Orders – Admin Copies	£3
Attachment of Earnings – Court Lodging Fee	£44
Attachment of Earnings – Court Fees	£110
Attachment of Earnings – Fixed Costs	£41, £69.50 or £75.50
Attachment of Earnings – Solicitors Fee	£50
High Court Writ – Court Lodging Fee	£44
High Court Writ – Court Fee	£66
High Court Writ – Fixed Costs	£69.50 or £75.50
High Court Writ – Fixed Court Cost	£51.75
MVC	£226
Third Party Debt Order – Court Lodging Fee	£44
Third Party Debt Order – Court Fee	£110
Third Party Debt Order – Fixed Costs	£69.50 or £75.50
Third Party Debt Order – Agent Fee	£70, £80 or £85