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Planning

Revenue Collection, Benefits Administration, Education Services (Uniform Grants, Free School Meals) and relevant Customer Services

London Borough of Hounslow

UK2: Preliminary market engagement notice - Procurement Act 2023 - [view information about notice types](#)

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Scope

Description

LBH is seeking to commission:

- Revenue Collection covering collection and administration of Council Tax and Business Rates
- Benefit Administration covering Housing Benefit, the Local Council Tax Support Scheme, Discretionary Housing Payments (DHP) and Discretionary Local Crisis Payments (DLCP)
- Revenue and Benefits Customer Services (optional)
- Education Services including Free School Meals and Uniform Grants

Revenue Collection (council tax, business rates):

Our vision for the Revenue Collection Service:

The vision for the Revenue Collection service is to maximise collection through an accessible and fair service that makes it easy for residents and businesses to meet their obligations, while offering support and guidance when needed. Use technology and data to ensure the most effective collection techniques are applied through segmentation. To continually work to maximise the tax base for collection. Utilise the data gathered through the Revenue Collection service to improve business intelligence across the organisation.

Current performance

Council Tax

- The Council Tax base at the end of FY2024/25 2025 was 111,267, with a net collectable debit of £185.2m
- The collection rate for 2024/25 was 97.1%, for exceeding the baseline target of 96%
- Over the last five financial years (2019-24) Hounslow's collection rate has been above the mean for London Boroughs (excluding City)
- In 2023/24 Hounslow had the sixth highest collection rate amongst the other 32 London Boroughs
- For 2024/25 Council Tax arrears collection (including costs) outturn was £7.4m, which is a 10.4% increase in the arrears collection from 2023/24
- 62.57% by direct debit in 2023/24,1 which is below the mean for London Boroughs

Business Rates

- The Business Rates base at the end of FY2024/25 was 7,762, with a net collectable debit of £224.9m
- The collection rate outturn for 2024/25 was 95.5
- Between July 2024 and February 2025 Business rates Collection was below target
- Over the last five financial years (2019-24) Hounslow's collection rate has been above the mean for London Boroughs (excluding City)
- In 2023/24 Hounslow had the tenth highest collection rate amongst the other 32 London Boroughs
- The introduction of an arrear's incentive bonus as part of the contract extension from October 2024 has to date not driven a significant increase in collection

- 22.91% by direct debit in 2023/24, which is below the mean for London Boroughs

Current contract cost

Annual core contract cost: £1.8m

Objectives

- Lower contract cost by min 10%
- Maintain performance to keep LBH amongst the top 10 London Boroughs / upper quartile
- Increase direct debit uptake
- Automate processes wherever possible
- Ability for customer to self-serve wherever possible

Benefits Administration:

Benefit Administration covers Housing Benefit, the Local Council Tax Support Scheme, Discretionary Housing Payments (DHP) and Discretionary Local Crisis Payments (DLCP).

Our vision for the Benefits Administration Service:

To be a trusted and efficient provider of benefits support, making best use of data to automate decision making, ensuring every eligible individual and family in the community receives the financial assistance they are entitled to in a timely, accurate, and compassionate manner. We will strive to continually enhance the service through innovation, transparency, and collaboration, fostering a positive impact on the well-being of the people we serve. There will be a high quality of data from the service which will be used to enhance business intelligence. The service will operate in line with legislation and will be able to adapt to any changes.

Current performance:

Housing benefit and the Local Council Tax Support Scheme have two combined KPIs for speed of processing new claims and changes in circumstances. For new claims there was an average of 11.79 days and for change in circumstances 2.24 days in 2024/25, both meeting the stretch targets of 14 and 5.5 days respectively.

In the first quarter of 2024/25 Hounslow had the fastest average processing time across all London Boroughs with an average of 8 days for New Claims for Housing Benefits

Council Tax Support new claims were processed on average in 7.19 days and changes processed on average in 1.79 days meeting the performance targets

Housing Benefit caseload for 2024/25 was 6,895, this is a 48.23% reduction in cases since 2018/19 due to the transition to Universal Credit

100% of DHP applications are processed within 14 working days

100% of DLCP applications in 2024/25 were processed within 3 working days

Current contract cost

Annual core contract cost: £2.7m (including customer services)

Objectives

- Lower contract cost by min 10%
- Maintain performance in the upper London quartile
- Improve recovery of overpayments
- Implement customer friendly innovations

Educational Services:

Education Services include Free School Meals and School Uniform Grants. Both services are provided under direct arrangement with schools that purchase the service.

Hounslow is one of 11 London Boroughs that offer a School Uniform Grant

Our vision for the Revenue Collection Service:

We aim to deliver a seamless and user-friendly service. We will use data to remove the need for applications and ensure that families can easily access the benefits they are entitled to. We will ensure that schools, and all eligible children and families have access to support.

Current Performance:

- The Free School Meals service is provided to 50 primary schools, 14 secondary schools, 4 special schools and 1 pupil referral unit
- The total number of children eligible for Free School Meals in Hounslow is 11,500

- In 2024/25 100% of applications for Free School Meals and School Uniform Grants are processed within 3 days
- 4,288 Free School Meals applications were received in 2024/25, 59% of applications were successful and 49% of applications were rejected
- 2,182 School Uniform Grant applications were received in 2024/25, 44% of applications were successful and 56% of applications were rejected

Current contract cost

Annual core contract cost: £104k

Objectives:

- Currently process automation and modernisation is being explored for Free School Meals which should be implemented effectively.
- Automate processes wherever possible
- Make processes easy for customer to access
- Reduce processing costs by at least 50%

Revenues and Benefits Customer Services (optional):

Customer Services for Council tax, Business Rates (Non-National Domestic Rates), and Benefits. Current supplier provides a contact centre, where they can be contacted by phone, and a face-to-face service which is provided on the ground floor of Hounslow House. Both operate Monday to Friday, 9am - 5pm.

Our vision for the Benefits Administration Service:

The vision for the future delivery of the Revenues and Benefits Customer Service functions is in line with the vision for the Resident Experience service, as outlined in the Transforming Community Experience Programme.

Our Resident Experience is inclusive, positive, and right first time. We listen, and act on resident feedback, working together to co-design services and achieve improved outcomes for our communities by:

- Providing residents and the community with a quality, comprehensive and consistent experience when interacting with the Council

- Ensuring that the community can easily access information and advice about the services, help and support that is available in Hounslow, in a manner that is appropriate for them. This includes improved arrangements for our more vulnerable residents and a recognition of the diversity of the borough's population with the use of resources such as our translation and interpretation service, Language Line
- Empowering residents and the community to manage their own interactions with the Council for all services, using the Council's digital platforms
- Driving efficiencies in Council services through end-to-end resident-focussed process re-design enabled by new and existing digital technologies
- Support for residents should be delivered holistically, and we should seek to provide early help where required. This may involve working with partners across council teams and in the community to help residents

Current Performance:

- The average call answer rate for 2024/25 79%, which is below the baseline target of 90%.
- The average speed of answering overall is under 11 minutes
- 2024/25 a total of 103,170 calls were offered
- 94.2% of calls were related to Council Tax and Benefits and 5.8% related to NNDR
- The abandonment rate of calls for 2024/25 was 21.32%
- In 2024/25 there has been a total of 16,420 face-to-face interactions
- 12% of face-to-face visits are booked and on average the appointments are booked is one day in advance
- On average face-to-face interactions took 12.5 minutes and the average waiting time for an appointment was just under 9 minutes in 2024/25

Current contract cost

Included in benefits administration cost

Objectives:

- Average answer rate to achieve baseline target (min)

- Provide scalable and dynamic team
- Provide contractual savings
- Deliver customer service in line with Hounslow TCE operating model providing seamless customer experience

Total value (estimated)

- £27,600,000 including VAT

Above the relevant threshold

Contract dates (estimated)

- 1 October 2027 to 30 September 2032
- 5 years

Main procurement category

Services

CPV classifications

- 75110000 - General public services
- 79940000 - Collection agency services

Contract locations

- UKI75 - Hounslow and Richmond upon Thames

Engagement

Engagement deadline

5 September 2025

Engagement process description

The Council intends to hold a series of online interviews with interested providers during August/September 2025.

It should be noted that this engagement is not a formal tendering process.

The information we gain through our market engagement will help to inform our commissioning intentions and refine our specification for this service.

Contracting authority

London Borough of Hounslow

- Public Procurement Organisation Number: PQYY-1684-DYLV

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Organisation type: Public authority - sub-central government