

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	3352
Author:	Peter Taylor
Department:	Development and Growth
Contact:	Peter Taylor (Job Title: Senior Surveyor, Email: peter.taylor2@nottinghamcity.gov.uk, Phone: 8763017)
Subject:	Reappointment of Existing Rating and Business Rate Audit Consultants
Total Value:	see exempt appendix (Type: Revenue)
Decision Being Taken:	<p>1) To approve the re appointment of the existing consultants to deliver the Rating Appeals in connection with the 2017 Rating list with the Valuation office when individually instructed and to continue with the existing Business Rate Audit consultant for historical billing savings.</p> <p>2) To grant dispensation from Contract Procedure Rule 5.1.1 in accordance with Financial Regulation 3.29 to award contracts to the consultants for the reasons set out in this report.</p>
Reasons for the Decision(s)	<p>The 2017 Rating Valuation list needs to be checked and appealed if Property Assessments are excessive and the Business Rate historical audit work needs to continue.</p> <p>This specialist expertise and resource is not available internally and as the existing consultants charge on a no win no fee basis and by way of a share of any savings in the reduction in Rateable Value or historical overpayment of business rates, it is believed that reappointing existing consultants represents value for money as demonstrated by previous successful rating appeals and audit work undertaken by Specialist Rating Surveyors appointed for the previous rating lists /audit work , having regard to the diverse portfolio of local authority property assets.</p> <p>Historical business rate audit work is required to check for overpayment of Business Rates when exemptions and reliefs have not been correctly applied.</p> <p>This work was previously tendered in respect of the 2010 rating Valuation list in Dec 2016. The existing consultants submitted the lowest tenders and have agreed to maintain the same fee level for the 2017 list. It is therefore not considered necessary or appropriate to retender for the work.</p>

Other Options Considered: Undertake the work in house: If this work is undertaken in house it will involve at least one Surveyor being involved with the work for a substantial period. The expertise is not available internally to represent the Council at any Rating Tribunal and additional consultants would still be required. As the cost is related to a share of savings achieved from the rateable value reduction, it is felt that any saving in consultancy fees by undertaking the work in house would ultimately result in a lower success rate in any appeals and would be a false economy. This option was rejected.

Not to challenge any rates billing as NCC can retain up to 50% of rates income and this may increase over coming years. This was rejected as rates payment need to be correct and NCC needs to achieve 100% of any saving.

Background Papers: None

Published Works: None

Affected Wards: Citywide

Colleague / Councillor Interests: None

Any Information Exempt from publication: Yes

Dispensation from Financial Regulations: Yes

Exempt Information:

Description of what is exempt: The name of the consultants and the terms of the appointment.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it is commercial sensitive and could be used for competitive advantage.

Documents exempt from publication:

Rating background paper.docx

Use of Consultants

Number of Days:1036

Rate per Day:19.30

Total value:20000

Start date:01/06/2018

End date:01/04/2021

Reason for using a consultant:

The specialist rating valuation knowledge over our varied property assets,including representing the authority at Valuation Tribunal, does not exist in house. If this work was undertaken in house it would involve at least one Surveyor being primarily involved, for several months, being taken away from important day to day Asset Management and Regeneration work. Due to the high work load it is considered to be cost effective to appoint an external specialists to undertake this work. The total value is an estimate and depends on how successful the consultant is and the work will be completed when all appeals have been agreed for the proposed 2017 Rating Revaluation List.due to their specialist knowledge a consultant employed on a no win no fee basis can make greater savings than undertaking this work in house.

Other options considered:

To undertake the work in house.
This was rejected as counterproductive due to being specialist knowledge and time consuming work which will be on a no win no fee basis and the costs will be on a share of actual Rateable Value reduction basis only and the fee will never be greater than any savings achieved even having regards to transitional relief,where changes to Rateable Values are phased in over 5 years

Name of consultant:

Exempt Information

Reason for selection?

The rating consultants have successfully appealed the 2015 Rating list making savings in excess of £681,000 and as they have agreed to keep the fee structure the same as their successful bid in the 2016 procurement for the Rating Appeal work in the 2010 list, it is considered to be best value to retain their services.

The business rate audit company have made savings in order of £834,000 and will continue with their no win no fee fee structure which represented best value in the 2015 procurement.

This was the most competitive tender received in the 2016 procurement and it is considered to be the best value to retain their service.

Has the consultant previously completed work for the City Council?

Yes appointed for the 2010 Rating List and for historic business rate audit work.

Specific activities to be undertaken by the consultant are:	Check challenge and appeal any assessment in the new 2017 list on an individual property basis to a strict timetable set by the VOA who have made the new process more challenging as they believe that rateable values should be correct and they will not entertain minor changes to the value of the assessment as they believe there is a margin of error within the value range of 5-10%. either way.
Period of engagement:	Three years or until all the appeals considered in connection with the 2017 list are resolved.
By what process was the consultant selected?	The proposed consultants have been selected as they were the most competitive firms in the 2016 procurement process. Since their appointment they have achieved excellent savings on behalf of the Council and the fee structure remains the same for the tougher and more rigorous 2017 appeal process.
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	N/A
Equality:	EIA not required. Reasons: Not Applicable
Social Value Considerations:	N/A
Relates to staffing:	Yes
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	27/12/2018
Advice Sought:	Legal, Finance, Procurement, Human Resources, Property
Legal Advice:	This report does not raise any significant legal issues as following discussions with the report author it is understood the value of the likely commission for each consultant will not exceed (when aggregated with the previous appointment) the applicable EU procurement financial threshold of £181,302. On that basis the dispensation to make a direct award to each consultant is agreed. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 31/08/2018.

Finance Advice:

Rating valuation and rate audit work by external specialist will bring in additional income to the Council. Corporate Finance will receive this income, but costs associated with external agent for doing the work and internal surveyor's time for co-ordinating the process will be paid from this income, percentage of fee applied is included in the rating background paper. Advice provided by Mandy Bryce (Finance Analyst) on 14/08/2018.

Property Advice:

The appointment of specialist rating consultants will ensure we are not paying excessive rates on buildings the Council occupies. Specialist advice is required as we cannot provide this within our in house property department. Advice provided by Pippa Hall (Portfolio and Investment Manager) on 13/09/2018.

Procurement Advice:

Assuming that this decision is seeking approval for a dispensation from Contract Procedure Rule 5.1.2 (requirement to obtain tenders) under Finance Procedure Rule 3.29 on operational grounds, and that such a dispensation is granted, there are no direct procurement implications to extending the existing engagement.

As the current consultants were appointed subsequent to a competitive tender below the OJEU threshold, care must be taken to ensure that the total value of their previous engagement and the extension combined do not breach the threshold at which a full tender in compliance with the Public Contracts Regulations 2015 would become necessary.

Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 13/08/2018.

HR Advice:

The proposal to engage consultants due to the specialist nature of the work which is not available in-house is supported.

Advice provided by Joanne Hill (Service Redesign Consultant) on 13/08/2018.

Signatures:

Jon Collins (Leader of the Council)
SIGNED and Dated: 17/12/2018
Jon Collins (Leader of the Council)
NOT SIGNED
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 14/12/2018
Laura Pattman (Strategic Director of Finance) - Dispensation from Financial Regulations
SIGNED and Dated: 12/12/2018
Chief Finance Officer's Comments: