



Report of **Head of Land and Property**

Report to **Chief Officer Asset Management and Regeneration**

Date:

Subject: **2010 and 2017 RATING LISTS – PROCUREMENT OF EXTERNAL SERVICES.**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary

1. Main issues

- The purpose of this report is to seek approval to the procurement of external rating advice and rating appeal work in relation to the 2010 and 2017 Rating Lists on terms provisionally agreed and covered by the Crown Commercial Services framework.
- The procurement relates to rating appeals contesting the rateable values of properties for which Leeds City Council is liable to pay rates.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- Whilst not directly affecting any of the stated aims of the Best Council Plan, the proposal will result in financial savings to the Council which can contribute to any of the priorities.

3. Resource Implications

- The procurement of rating service should help Council departments to reduce their current and future rates bills and generate savings for overpaid rates.
- Monitoring and managing the Council's rates liabilities and rating appeals is a substantial commitment which, historically, has had at least two full-time Land and

Property staff engaged. The current rating system places even more onerous responsibilities on ratepayers. Therefore the appointment will free officer time for other areas of Land and Property work.

Recommendations

- It is recommended that approval be given to procuring external services on the terms provisionally agreed and noted in the attached appendix.

1. Purpose of this report

1.1 The purpose of this report is to seek approval to the procurement of external rating advice and rating appeal work in relation to the 2010 and 2017 Rating Lists on terms provisionally agreed and covered by the Crown Commercial Services framework.

2. Background information

2.1 The Non-Domestic Rating system provides a tax on property occupation. The current system came into being in 1990. The Revaluation in 1990 was the first to take place since 1973. Thereafter they have been every five years (until the 2015 List was delayed by two years to commence on 1st April 2017). From 1990 rates have been collected by local authorities but forwarded to central government. In 2013 the Government gave local authorities the power to keep up to half of business rate income and transfer half of it to central government. The central share is then distributed to councils in the form of Revenue Support Grant.

2.2 The 2010 Revaluation came into force on the 1st April 2010. It ran until the 31 March 2017. The appeals process against the 2010 List rateable values will be ongoing for some time. The 2017 Rating List commenced on the 1 April 2017 and will close on the 31 March 2022, though a number of appeals will continue to be dealt with for months, possibly years, after the close of the List.

2.3 Leeds City Council submitted 2010 List appeals against the properties for which it pays rates. Despite the 2013 changes, it is still worthwhile for the Council to try to reduce the rateable values of premises that it occupies.

2.4 The Valuation Office Agency is responsible for discussing and settling such appeals. To structure and organise these negotiations the Agency places appeals in 'programmes' with set timescales for discussions. Should matters not be resolved, any unresolved appeals are referred to the Valuation Tribunal Service to be listed for hearing before the Valuation Tribunal. Usually the programmes are spread over several years.

2.5 Unfortunately the Valuation Office Agency is under pressure to clear the outstanding 2010 List appeals to allow work to begin on the 2017 List appeals. It is programming them without consultation with ratepayers. This means that there have been too many Leeds City Council appeals being listed in short order, with Land and Property not having the resources to discuss them meaningfully with the Valuation Office Agency.

3. Main issues

3.1 It is proposed that the Council engages a private company with a rating appeals specialism to pursue the appeals. The company will have the necessary expertise and, importantly, the capacity to undertake this work.

- 3.2 The company has been asked to carry out a systematic review of the current 2010 List rateable values and outstanding appeals lodged on the Council's property portfolio and identify areas for potential savings. They will pursue these areas to maximum financial benefit and minimise the ongoing liability for business rates. Following this, they will undertake their own reviews and assessments into the 2017 List values and make and pursue appeals where appropriate.
- 3.3 From discussions with the Council's procurement section it is apparent that a direct call-off of services is possible under RM3816 (Estates Professional Services) of the Crown Commercial Service framework.
- 3.4 The Crown Commercial Service brings together policy, advice and direct buying; providing commercial services to the public sector and seeking best value for the taxpayer. It is an executive agency, sponsored by the Cabinet Office.
- 3.5 The framework documentation and call-off terms and conditions have already been reviewed by the Council's Commercial/Legal Team. This means that, from a legal perspective, the framework is cleared to be used.
- 3.6 Given the fact that the Valuation Office Agency is constantly programming appeals, the timescales for starting this work are pressing. Therefore it is deemed preferable to use the direct call-off option within the CCS framework to appoint a suitable surveying company. This is noted in the attached appendix.
- 3.7 The fees associated with this work are detailed in the attached confidential appendix. The costs associated with the work will be met from the resultant savings. Business Rates and Finance have explained that there are mechanisms in place to receive rates rebates and deduct fees from the benefitting departments' savings.
- 3.8 The appointment of the private company will mean that staff resources can be directed at other land and property work areas.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 Not applicable.

4.2 Equality and diversity / cohesion and integration

4.2.1 The proposals have no specific implications for equality, diversity, cohesion and integration.

4.3 Council policies and the Best Council Plan

4.3.1 The proposal should create savings and refunds for the Council which will help contribute to a number of Council policies and city priorities.

Climate Emergency

4.3.2 There are no specific implications for the climate emergency.

4.4 Resources, procurement and value for money

- 4.4.1 The procurement of a rating service should help Council departments to reduce their current and future rates bills and generate savings for overpaid rates.
- 4.4.2 Leeds City Council's Business Rate Section would transfer any credit due to a reduction directly to the cost centre from which the rates were initially paid. City Development should pay any invoice and then recharge the cost centre to which the credit was transferred.

4.5 Legal implications, access to information, and call-in

- 4.5.1 Under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management.
- 4.5.2 The Chief Officer Economy and Regeneration, Head of Asset Management and Head of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 4.5.3 The proposal constitutes an administrative decision and is therefore not subject to call in.

4.6 Risk management

- 4.6.1 The risks associated with the proposal are that not procuring assistance will compromise the Council's ability to adequately pursue the 2010 and 2017 Rating List appeals.

5. Conclusions

- 5.1 It is considered that the proposed procurement of rating assistance represents good asset management and will enable the Council to achieve the highest level of financial savings possible, whilst enabling officer time to be directed at other land and property issues.

6. Recommendations

- 6.1 It is recommended that approval is given to procuring external rating services on the terms provisionally agreed and noted in the attached appendix.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.