

Report of Sustainable Energy and Air Quality Team

Report to Chief Officer of Sustainable Energy and Air Quality

Date: 25th October 2019

Subject: Authority to Award: Council Tax and Business Rate Feasibility Study (Contract Ref: DN439107).

Are specific electoral wards affected? If relevant, name(s) of ward(s): All	<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
Is the decision eligible 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: 10.4.(3) Appendix number: Appendix 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. In September 2019, Leeds City Council secured £160k of grant funding from the Department for Business, Energy and Industrial Strategy (BEIS) through the North East Yorkshire & Humber regional Energy Hub, to fund a Council Tax and Business Rates Feasibility and Design Study. The aim of the study is to test the viability of piloting council tax and / or business rate incentives as a means of encouraging homeowners and businesses to improve the energy efficiency of their properties through retrofit measures.
2. The study will cover the Barnsley, Hull and Leeds local authority regions. Leeds City Council will lead the procurement for all three local authorities, with £25k of the grant being used as a contribution to internal Leeds City Council officer time for undertaking the procurement and contract managing the provider.
3. A competitive procurement to appoint a Contractor to undertake a design and feasibility study into Council Tax and Business Rate incentives has been concluded. The contract will be awarded on 4th November 2019, and the Contractor will undertake the study in a specified timeframe to be concluded by 31st March 2020.

4. Following receipt of bid submissions on 22nd October 2019, evaluation has been completed on a price quality basis, and the evaluation panel recommend that Alma Economics Ltd be the organisation that are awarded the contract, based on delivering the best overall option for the Council as determined by the evaluation criteria.

Recommendations

The Chief Officer of Sustainable Energy and Air Quality is asked to:

- note the content of this report, and
- approve the award of the contract to Alma Economics Ltd to undertake the Council Tax and Business Rate Feasibility Study.

1 Purpose of this report

- 1.1 Contract Procedure Rule 18.6 requires that a decision to award is made by the relevant Officer through the delegated decision process. The delegated decision should outline the reasoning for the selection of the contractors.
- 1.2 This report advises the Chief Officer of Sustainable Energy and Air Quality of the organisation recommended for the award of Council Tax and Business Rate Feasibility Study contract and sets out the process to be undertaken for awarding the contract.

2 Background information

2.1. The Department for Business, Energy and Industrial Strategy (BEIS) asked the Regional Energy Hubs to invite proposals from local authorities for feasibility and design studies to test the viability of piloting council tax and/or business rate incentives as a means of encouraging homeowners and businesses to improve the energy efficiency of their properties through retrofit measures. These projects are to be completed by 31st March 2020.

2.2. Leeds City Council, Hull City Council and Barnsley Council (in association with Durham Council) submitted a joint proposal to the North East Yorkshire & Humber regional Energy Hub for a Council Tax and Business Rates Feasibility and Design Study

2.3. The joint proposal was successful in securing a grant of £160,000 which will be used to appoint a Contractor to undertake consultancy services and undertake a research study. This study will test the viability of piloting council tax and/or business rate incentives as a means of encouraging homeowners and businesses to improve the energy efficiency of their properties through retrofit measures.

2.4. The conclusion of the procurement will enable Leeds City Council to award a contract for a Contractor to undertake a Council Tax and Business Rate design and feasibility study.

By combining several different local authorities, each with different social and economic circumstances, it will be possible to design the study so that it covers elements of each incentive area in each local authority and thereby draw more representative conclusions. The study will cover the following:

- Evidence on political / public appetite for an incentive scheme;
- Outline of how incentive scheme would work and how to structure a pilot;
- Identify any requirements (data, technical, administrative) for a pilot;
- Identify constraints, risks and solutions.

2.5. A competitive procurement exercise has been undertaken to appoint a Contractor to undertake a design and feasibility study into Council Tax and Business Rate incentives has been concluded.

2.6. The evaluation of tenders was carried out in accordance with the instructions detailed within the Invitation to Tender document that was published as part of the suite of tender documents.

2.7. This report sets out the basis on which the contract is to be awarded.

3. Main consideration and reasons for contract award

3.1 The evaluation was carried out on a consensus basis with the evaluation panel reaching an agreed score for each aspect of the evaluation criteria at a meeting following independent review.

3.2. The tender was evaluated on the basis of the best overall value, with the price and quality elements split on a 40/60 basis (price/quality).

3.3. Scoring was conducted on a 0-10 basis with bidders being required to achieve a minimum score threshold of 50% of the overall quality points available for each question. If bidders did not meet this minimum overall quality threshold they were automatically eliminated from the evaluation process and not considered for the contract.

3.4. The quality element of the evaluation considered the criteria and sub-criteria included with the ITT documentation and that was approved by the Chief Officer Sustainable Energy and Air Quality prior to the ITT being published.

3.5. The quality evaluation undertaken by officers from the following local authorities:

3.5.1.1. Leeds City Council (Sustainable Energy and Air Quality),

3.5.1.2. Barnsley Council, and

3.5.1.3. Hull City Council

3.6. No external technical support was provided during the evaluation.

3.7. Price was submitted by bidders on a fixed fee basis to a maximum of £135,000 in line with the grant funding available.

3.8. Having undertaken the evaluation of the tender submission it was concluded by the evaluation team that Alma Economics Ltd had been successful in the procurement, having submitted a high quality and compliant bid and should be awarded the contract.

3.9. Details regarding the evaluation scores awarded along with the results of the price evaluation is set out in confidential Appendix 1.

4. Corporate considerations

4.1. Consultation and engagement

- 4.1.1. Colleagues in Barnsley Council and Hull City Council formed part of the evaluation panel and their evaluation is reflected in this authority to award report.
- 4.1.2. Consultation with key stakeholders including Barnsley Council, Hull City Council and the Regional Energy Hub was undertaken during the project proposal stage.

4.2. Equality and diversity / cohesion and integration

- 4.2.1. An Equality, Diversity, Cohesion and Integration Screening has been carried out as part of the Authority to Procure report and an independent impact assessment is not required for the approvals request.
- 4.2.2. The screening process confirmed that the procurement will have no impact on any of the equality characteristics. If any equality issues are identified during the commissioned study these will be addressed as part of the consideration as to whether to proceed with a pilot.

4.3. Council policies and best council plan

- 4.3.1. The contract being awarded allows the Contractor to undertake a Council Tax and Business Rates Feasibility and Design Study, including a report which may have implications for the future administration of Council Tax and Business Rates should a decision be made to proceed with a pilot. These are clearly key financial systems underpinning all of the Council's priorities.
- 4.3.2. A key consideration for the study is that any proposed incentive scheme should be revenue neutral, with central Government ensuring that the financial incentives are drawn in such a way so that the Council is no worse off in terms of Council Tax and Business Rates receipts or delivery costs. In this respect, the study will contribute to the Best Council Ambition to be an efficient and enterprising organisation.
- 4.3.3. Climate Emergency
 - 4.3.3.1. The use of Council Tax or Business Rate incentive schemes is routinely identified as a possible response to climate change, but local authorities have lacked the ability to progress this option. A study into how Council Tax can be used as an incentive to retrofit measures into an aging housing stock (often in poorer condition with a need for enabling works before any energy reductions measures are introduced) with residents with low levels of disposable income will be of national interest.
 - 4.3.3.2. Leeds City Council and Hull City Council have both recently declared Climate Emergencies and have adopted accelerated carbon reduction

targets that will require action in all sections of the economy including households and businesses.

- 4.3.3.3. Achieving these outcomes will enable the local authorities to support local businesses in becoming more sustainable and therefore more likely to be able to continue to as essential elements of local economic activity.

4.4. Resources and value for money

- 4.4.1. Leeds City Council is leading the procurement on behalf of ourselves, Barnsley Council and Hull City Council. All local authorities will put in existing officer time to project manage this study.
- 4.4.2. The procurement and the contract being awarded, provides cost certainty for the delivery of the study. An amount of £109,200.00 of the grant award from Department for Business, Energy and Industrial Strategy (BEIS) is to be allocated to the Contractor.

4.5. Legal Implications, access to information and call-in

- 4.5.1. Legal and procurement officers from PACS have been consulted with throughout this exercise to ensure compliance with the councils CPRs.
- 4.5.2. The report is not eligible for call in as the proposal is below the relevant threshold.
- 4.5.3. Note that by virtue of Access to Information Rules 10.4.(3) Appendix 1 attached to this report is restricted as confidential. This is on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.
- 4.5.4. It is considered that the public interest in maintaining this information as exempt outweighs the public interest in disclosing the information, as disclosure may prejudice the outcome of the procurement process, whilst the details of the tender proposals within the appendices also contain the financial details/business affairs of individual companies.

4.6. Risk management

- 4.6.1. The procurement has been undertaken in line with the regulations set out in the Public Procurement Regulations 2015 and the council's own CPRs.
- 4.6.2. The procurement was carried out in line with the instructions that were published in the Invitation to Participate.
- 4.6.3. The evaluation team scored the quality submissions using a consensus scoring approach to reach a final conclusion on scores and records have been

created and saved on file electronically. In line with the new procurement process, notes from each member of the evaluation team have been saved, together with justification for any amendments to initial scores.

5. Conclusions

- a. The evaluation of the procurement for a Contractor to undertake a Council Tax and Business Rate Feasibility Study has been concluded and this has resulted in Alma Economics Ltd as being compliant and of a high quality. As such a contract should be awarded to Alma Economics Ltd.

6. Recommendations

6.1. The Chief Officer of Sustainable Energy and Air Quality is asked to:

- note the content of this report, and
- approve the award of the contract to Alma Economics Ltd to undertake the Council Tax and Business Rate Feasibility Study.

7. Background documents¹

7.1. N/A

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.