



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: 10.4 (3) (business affairs of any person including the Council) Appendix number: 1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary

1. Main Issues

- The purpose of this report is to seek approval to formalise the retrospective appointment of GVA Grimley Limited (T/A Avison Young and hereinafter referred to as AY) in respect of the rating advice and rating appeal work they have already carried out on our behalf in relation to the 2010 Rating List and to continue with their services for the 2017 Rating List on terms provisionally agreed and covered by the Crown Commercial Services (CCS) framework.
- The procurement relates to rating appeals contesting the rateable values of properties for which Leeds City Council is liable to pay rates.
- Approval to the principle of instructing Avison Young was granted in a DDN signed on 5 July 2019. However, Procurement Section subsequently asked for further explanation and rationale justifying the direct call-off from the CCS framework.

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 below has already resulted in savings to the Council in excess of £1.75 million to date and will continue to provide financial savings to the Council which can contribute to any of the priorities.

3. Resource Implications

- AY's rating services for the 2010 Rating List and the procurement of their continued advice for the 2017 List will continue to help Council departments to reduce their current and future rates bills and generate additional savings for overpaid rates over and above those achieved to date.
- 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 Check, Challenge and Appeal procedure, introduced to the rating system from 1 April 2017, 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 the following contracts are awarded to GVA Grimley Ltd (t/a Avison Young):
 - Rating advice services for the 2010 Rating List provided between 01 February 2017 and 31 March 2021 for the sum of £68,226;
 - Rating advice services for the 2017 Rating List to be provided between 01 April 2017 and 31 March 2021 on the schedule of rates set out at confidential appendix 1 to a maximum spend of £49,999; and
 - Rating advice services for any matters that are still ongoing on 31 March 2021 to cover the period 01 April 2021 until the date that the Government closes the 2017 Rating List on the schedule of rates set out at confidential appendix 1 to a maximum spend of £49,999.

In each case as a direct call-off from CCS framework RM3816 (estates professional services).

1. Purpose of this report

1.1 The purpose of this report is to seek approval to formalise retrospectively the rating work AY has carried out on the 2010 Rating List on our behalf, which has resulted in the savings mentioned above, as well as procure their continued advice and appeal work in relation to the 2017 Rating List 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. Despite the 2013 changes, it is still worthwhile for the Council to try to reduce the rateable values of premises that it occupies.

- 2.2 The 2010 Revaluation came into force on the 1st April 2010. It ran until the 31 March 2017. There are still outstanding 2010 List appeals against rateable values for Council properties (this is due to awaiting the outcome of litigation) and these may be ongoing for some time. The 2017 Rating List commenced on the 1 April 2017 and will close on the 31 March 2021 (albeit the legislation dictating the timing of the next Revaluation is currently on hold due to Government priorities having been changed due to the EU exit). As with the 2010 Rating List, a considerable number of 2017 List appeals will continue to be dealt with for months, possibly years, after the close of the List.
- 2.3 Leeds City Council submitted appeals against the 2010 Rating List assessments of most of its properties.
- 2.4 The Valuation Office Agency (VOA) is responsible for discussing and settling such appeals. To timetable 2010 negotiations, the VOA placed appeals in 'programmes' with set timescales for discussions. If negotiations were not concluded by the programme deadline, any unresolved appeals are referred to the Valuation Tribunal Service to be listed for hearing before the Valuation Tribunal.
- 2.5 Unfortunately, at the end of the 2010 Rating List, the VOA was under considerable pressure to clear the outstanding 2010 List appeals to allow work to begin on the 2017 List appeals. The VOA programmed large numbers of Leeds City Council appeals without consultation with us. This meant that there were too many Leeds City Council appeals being listed in short order and Land & Property not having the resources to discuss them meaningfully with the VOA. It was therefore imperative to appoint someone capable and with the requisite experience of dealing with these types appeals within an extremely short time frame. Had we not taken action to appoint AY, programming and tribunal hearing deadlines would have been missed, our appeals would have been 'struck-out' and the savings to date of £1.75m would have been lost. AY are noted as top performers in respect of business rates services on the Crown Commercial Service (CCS) framework, they are well known to Leeds City Council as a trusted adviser, they have the necessary expertise and, importantly, had the capacity to undertake the urgent 2010 appeal work.
- 2.6 The CCS brings together policy, advice and direct buying in a single organisation to make savings for customers across the public sector, achieve maximum value from every commercial relationship and to improve the quality of service delivery for common goods and services across government.
- 2.7 It works with over 17,000 customer organisations in the public sector. Services are provided by more than 5,000 suppliers.
- 2.8 As the companies within the framework have been approved by CCS, public sector organisations are able to procure services without the need for lengthy tender exercises.
- 2.9 Officers in Land & Property consulted with the Council's Procurement Section and it was confirmed that a direct call-off of services can be made without publishing a tender, especially bearing in mind that AY have already carried out much of the 2010 Rating List work for Leeds City Council. As noted above, we have previously worked with AY, and are aware of their track record regarding the provision of business rates services to the public sector. With time being of the essence it was considered that AY was well-placed to undertake the 2010 appeal work before the opportunity for significant savings was lost.
- 2.10 AY's appointment was a necessity to best meet the Council's requirements of saving money. The savings secured to date have demonstrated that their appointment

is more than self-financing. In addition, there remains a pressing need to undertake and continue necessary Check, Challenge and Appeal work on the 2017 List, otherwise opportunities for further savings to the Council will be lost.

- 2.11 In summary, AY was instructed to protect the Council's position in terms of 2010 Rating List appeals that were at risk of being 'struck-out', satisfying all deadlines and was asked to undertake a systematic review of remaining 2010 List Rateable Values to identify further areas for potential savings. With time being of the essence, AY's involvement has secured savings of £1.75m to date. As a consequence the maximum financial benefit has been realised for Leeds City Council. As AY now has detailed knowledge of our portfolio, they are best placed to undertake reviews and Challenges against the 2017 List Values and present the most cost effective option due to the minimum involvement required by our Land and Property staff.

3. Main issues

- 3.1 As noted above, the Council engaged AY to protect our position in terms of 2010 Rating List appeals in line with CCS framework guidance. This has resulted in savings to date of circa. £1.75m. AY has detailed knowledge of our portfolio and the expertise to continue minimising our ongoing rate liabilities under the 2017 List. There is likely to be a pressing need to ensure that the Council's position is protected in respect of the 2017 Rating List, as it is widely anticipated that the Government will soon introduce a deadline for challenging rateable values, after which ratepayers will not be able to challenge and appeal. This means that there is an urgent need to analyse which of the Council's rating assessments require checks and challenges to be submitted.
- 3.2 AY is best placed to continue this service, undertaking its own reviews of the 2017 List values and pursuing further actions to mitigate our business rates liabilities.
- 3.3 From discussions with the Council's procurement section it was apparent that a direct call-off of services is possible under the CCS 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 urgency, it was deemed preferable to use the direct call-off option within the CCS framework to appoint AY. This is noted in the attached Appendix 1 along with details of issues arising.
- 3.7 The fees associated with this work are on a contingency basis and are fully self-financing. Leeds City Council does not have to set aside a budget for fees. AY only charges fees based on reductions in rateable values or the rates savings achieved. In addition, they only charge a fee when the savings resulting from their work exceed a threshold. Please see the CCS fee basis in Appendix 1. LCC Business Rates Section and Finance have confirmed that there are mechanisms in place to receive rates rebates and deduct fees from the benefitting departments' savings.
- 3.8 The appointment will mean that staff resources can be directed to other land and property work areas and the fact that AY is familiar with our property portfolio will limit our involvement further.

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 instruction of AY in respect of the 2010 Rating List has already secured savings in excess of £1.75m and further savings will be created going forward under the 2010 and 2017 Lists. All of which will 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 AY's rating service is fully self-financing, does not have to be budgeted for, and has already helped Council departments to reduce current and future rates bills. AY's continued involvement will generate further savings and limit ongoing liabilities, without the need for significant involvement of Council resources. The £1.75m they have secured to date, represents value for money and we are seeking to continue this beneficial relationship.

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 a significant operational decision due to its value and is not subject to call in.

4.5.4 Appendix 1 is confidential and is exempt from publication under access to information rule 10.4 (3) (matters relating to the business affairs of any person including the council). The appendix contains detailed pricing information which if generally disclosed would give an advantage to AY's competitors when tendering for work. The appendix also contains details of procurement and commercial considerations relating to this urgent appointment. There is a public interest in disclosing all of the details of public procurement. However, in this case, the public interest in maintaining commercial confidentiality of detailed pricing information and the council's procurement and commercial considerations carries the greatest weight.

4.6 Risk management

4.6.1 The risks associated with the above proposals are that not procuring AY's rating services in an expeditious manner, will compromise the Council's ability to adequately pursue the 2010 and 2017 Rating List appeals and the resultant savings. Ongoing rating liabilities may therefore be excessive and opportunities to secure cost efficiencies will be lost.

5. Conclusions

5.1 It is considered that the proposed procurement of AY's rating services represents the most cost effective option and demonstrates good asset and resource management. AY's appointment 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

7. It is recommended that the following contracts are awarded to GVA Grimley Ltd (t/a Avison Young):

- Rating advice services for the 2010 Rating List provided between 01 February 2017 and 31 March 2021 for the sum of £68,226;
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In each case as a direct call-off from CCS framework RM3816 (estates professional services)

8. Background documents¹

8.1 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.