

Approval to appoint Liberata UK Limited for the provision of a service to identify additional rateable value for non-domestic properties.

Date: 20th April 2024

Report of: Head of Revenues

Report to: Chief Officer Financial Services

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report seeks approval award a contract to Liberata UK Limited via the G-Cloud 13 framework for the provision of a service to identify additional rateable value from new or existing non domestic properties.

Recommendations

The Chief Officer, Financial Services is recommended to:

- a) Approve the award of a contract to Liberata UK Limited for the provision of a rateable value finding service with a maximum value to the supplier of £200,000. The contract will commence on 1st May 2024 and expire on 1st May 2025, or earlier if the cap of £200000 is reached before that date, with the option of two 12 month extensions.

What is this report about?

- 1 Local Authorities benefit directly through the rates retention scheme from increases in the gross rateable. Whilst internal processes are in place to check properties which are subject to planning applications there is a risk that potential new rateable value has been missed, thereby reducing the potential income from the additional business rates generated. In order to minimise this risk it is recommended that a contractor be appointed to undertake checks from multiple sources to identify any missing rateable value. The provider is paid solely by results as a percentage of the additional rateable value identified.

What impact will this proposal have?

- 2 The proposal will ensure that income from the business rates retention scheme is maximised thereby directly contributing to the Council's budget. The initial contract has a value to the provider of £200,000 which if realised would equate to £2m in additional rateable value which would in turn equate to £1m in additional business rates payable, of which 49% is additional income to the council. The fee is a one-off payment whilst the additional revenue will be received each year.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 3 The proposal will generate additional income for the council enabling it to better meet it's Best City Ambition.

What consultation and engagement has taken place?

Engagement has taken place internally and Procurement and Commercial Services.

Wards affected: n/a

Have ward members been consulted? Yes No

4 What are the resource implications?

There are no resource implications other than the production of an initial file of existing assessments and the production of a report to the Valuation Office Agency when notified by the provider of potential new rateable value.

5 What are the key risks and how are they being managed?

The risks to not approving the contract are:

- a) that potential direct income to the Council is missed.

6 What are the legal implications?

Section of the proposed provider was undertaken through G-Cloud 13. The required criteria identified two potential suppliers. Assessment of both suppliers identified that the preferred supplier stated a range of pricing from 7%-10% of the value of the rateable value found compared to a fixed price of 10% for the other supplier. Liberata UK Limited have confirmed that a price of 9% would apply to the contract with Leeds City Council.

Awarding a contract in this way could leave the Council open to a potential claim from the other potential provider, to whom this contract could be of interest, that it has not wholly been transparent. In terms and transparency, it should be noted that case law suggests that the Council should always consider whether contracts of this value could be of interest to contractors throughout the UK and beyond and, if it could, the opportunity should be subject to a wide degree of advertising

It is up to the Council to decide what degree of advertising would be appropriate. In particular, consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices, etc.) and the geographical location of the place of performance.

There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.

7 Options, timescales and measuring success

The recommendation seeks to award a new contract to the preferred supplier by way of G-Cloud 13 for a period up to 13 months but with the fees capped at £200,000. These are totally dependent on performance.

8 What other options were considered?

Consideration was given to awarding a joint contract but this was rejected on the basis of potential complications if both contractors identified the same potential increase in rateable value.

9 How will success be measured?

Success will be measured by the additional business rates income achieved against the cost of the service.

10 What is the timetable and who will be responsible for implementation?

A decision as to the award of the new contract is required as soon as possible to achieve the maximum increase in revenue

Appendices

- None

Background papers

- None