



ARTICLE NO: 3A

**CORPORATE & ENVIRONMENTAL
OVERVIEW & SCRUTINY
COMMITTEE**

**MEMBERS UPDATE 2015/16
ISSUE: 2**

Article of: Transformation Manager

Relevant Managing Director: Managing Director (Transformation)

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SUBJECT: EXEMPTION FROM CONTRACT PROCEDURE RULES

Wards affected: Borough wide

1.0 PURPOSE OF ARTICLE

1.1 To advise Members of a recent exemption from contract procedure rules.

2.0 BACKGROUND

2.1 The Council has in place robust rules and procedures, reflecting national and European regulations in relation to the procurement of goods and services.

2.2 There are however certain occasions where, with appropriate reasons, officers can procure goods or services in a different way. The Council's Managing Director (Transformation) signed an exemption from the Contract Procedure Rules in relation to the procurement of an Empty Homes Review Service on 26 June 2015.

3.0 SERVICE PROCURED

3.1 This service is designed to identify 'Long Term Empty Properties' that are in fact occupied in order to maximise the New Homes Bonuses (and council Tax) which the Council is entitled to receive.

3.2 The supplier is provided with non-personal data from the Council Tax system to identify properties that have been empty for 5 months or more.

3.3 The supplier then undertakes an activity review (using, for example, credit checking agency data and other signifiers) to establish the level of activity at the addresses.

- 3.4 The service also includes the issue of incentive, review and reminder mailings, property inspections, telephone calling and the provision of contact centre support for inbound customer queries. The supplier provides reports which are used to update the Council's records.

4.0 ISSUES

- 4.1 The exemption relates to contract procedure rule 6 (the obtaining of not less than three written quotations where the proposed contract will exceed £10,000 but will not exceed £50,000).
- 4.2 This is not an issue that could be taken to Cabinet or another appropriate body of Members to request an exemption because of urgency and timescales involved. The deadline for submission of the 2015 New Homes Bonus application is mid-October, prior to which CapacityGrid will require sufficient time to conduct their activity review and follow-up activities. Clearly, the more time that is allowed for follow-up activity, the greater the potential income for the Council.
- 4.3 There are limited providers of this particular service in the market. The Council has made enquiries of the two leading providers, CapacityGrid being one of these. In addition, our local Revenues & Benefits Service confirmed that they would be unable to provide the same service that CapacityGrid were offering due to resource/capacity. Testing the market further will take more time and therefore directly impact upon the Council's potential to generate income from the New Homes Bonus scheme during 2015.
- 4.4 CapacityGrid offers an end-to-end wholly managed service (as outlined in s.3.3 and s.3.4) rather than just providing data which highlights empty properties possibly being occupied based on risk/likelihood following credit reference checks.
- 4.5 CapacityGrid are the leading firm in this market, with more than 70 local authority clients. Feedback on CapacityGrid's performance from councils contacted is favourable.
- 4.6 The likely value of the contract lies below the level at which the advertising of the opportunity is required by Contracts Procedure Rules. The costs will be met out of the income generated, similar to a risk/reward model. The proposed 'payment by results' arrangement with CapacityGrid is therefore low risk.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this article and, in particular, no significant impact on crime and disorder. The article has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 There are some financial/ resource implications arising from this article in respect of paying the contract, however these are met through the income generated, similar to a risk/reward model.

7.0 RISK ASSESSMENT

7.1 This item is for information only and makes no recommendations. It therefore does not require a formal risk assessment and no changes have been made to risk registers as a result of this article.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

This article is for information only and does not have any direct impact on members of the public, employees, elected members and/ or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

None.