



CORPORATE & ENVIRONMENTAL OVERVIEW & SCRUTINY

MEMBERS UPDATE 2018/19

Issue: 1

Article of: DIRECTOR OF HOUSING AND INCLUSION

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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 Chief Executive signed an exemption from the Contract Procedure Rules in relation to the existing Empty Homes Review Service on 29 May 2018.

3.0 SERVICE PROCURED

3.1 The service, initially procured in June 2015 following a CPR exemption, identifies 'Long Term Empty Properties' that are in fact occupied.

3.2 The supplier, Capacity Grid, is provided with non-personal data from the Council Tax system to identify empty properties. 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 and whether the homes have therefore been brought back into use. The Council is then able to benefit from the New Homes Bonus grant paid by the government and the potential additional Council Tax revenue.

- 3.3 The service includes the issue of 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 requirement for this exemption relates to the value of the work for an existing contract for an Empty Homes Review service with the supplier, Capacity Grid.
- 4.2 The pricing model of the contract is dependent on results. Because of this arrangement, it was not possible to confirm the value of the contract at its outset.
- 4.3 After the third year of the contract, the service has been so successful that WLBC has to date been invoiced for circa £70K taking the value of the contract over the threshold of the original exemption. This means that the Council has received a greater amount of New Homes Bonus grant funding than originally anticipated.
- 4.4 The exemption therefore relates to the value of an existing contract with a supplier, *Rule 7: Where the estimated value or amount of a proposed contract exceeds £50,000, and in any other case where an authorised body determine or where required by legislation tenders shall be invited in accordance with either Rule 9, 10, 11 or 12 and shall be the subject of a contract signed by both contracting parties.*
- 4.5 The nature of the contract means that we remain in contract unless one of the parties terminates the contract. This provides flexibility to retain the service whilst the rules for New Homes Bonus remain favourable for the Council. The exemption outlined above has been required because of the annual increments towards overall contract value has taken it above the original exemption threshold.
- 4.6 Due to the nature of the work, this outcome could not have been known at the start of the exercise. It remains difficult to estimate the value of the contract for forthcoming years, as the value is entirely dependent on what the research work identifies and what government rules remain in place.
- 4.7 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 2018 New Homes Bonus application is mid-October, prior to which Capacity Grid will require sufficient time to conduct their activity review and follow-up activities.

5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 There are no significant sustainability impacts associated with this article and, in particular, no significant impact on crime and disorder.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 There will be continued impact on resource within the Revenues and Benefits Service. There are some financial 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 The pricing model of the contract is dependent on results and is therefore low risk for the Council. 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