

	Officer Key Decision
	Report to the Corporate Director for Resident Services
Authority to extend contract for NNDR and Associated IT Support Services	

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Paper:	None
Contact Officer(s): (Name, Title, Contact Details)	Peter Cosgrove Head of Revenue and Debt peter.cosgrove@brent.gov.uk

1.0 Purpose of the Report

- 1.1 This report seeks approval for the Council to extend a contract for the National Non-Domestic Rates (NNDR) and Associated IT Support Services for the period of three years in accordance with Contract Standing Order 112.

2.0 Recommendation(s)

That the Corporate Director for Resident Services:

- 2.1 Approves the extension to the current contract with Capita Business Services Ltd (Capita) for a period of three years from 1 May 2024 to 30 April 2027.

3.0 Detail

- 3.1 The contract allows the Council to extend the agreement by three years.

- 3.2** The extension provides assurance to the Council of continuing the existing contract terms and the continued good track record of the supplier.
- 3.3** Capita has worked very closely and co-operatively with the Council in delivering an effective, flexible and supportive billing, collection and recovery function for business rates. The KPIs agreed prior to contract commencement have been unworkable and unachievable due to the effect of the pandemic, businesses ability to pay and Capita's ability to enforce payment, given the closure of courts and the Council's requirement to maximise support to business during the Covid-19 pandemic.
- 3.4** The extension of the contract is low risk compared to the alternatives of in-house provision or a new procurement exercise, that would increase risk in terms of both quality and cost. The market of outsourced suppliers has not grown since the contract was let in 2019 and the contract remains value for money.
- 3.5** The extension provides predictable price assurance for the Council until April 2027, the costs are set out in paragraph four below. Furthermore, extending the contract at a time when the medium term future regarding business rates is not known with an ongoing government review that could lead to significant change to local business taxation.
- 3.6** Therefore, at the moment it would not be prudent to enter into a new contract to go beyond 2027. In 2025/26, the Council will be able to make an informed choice about its next step and at this point a comprehensive review should be undertaken with the background of clarity around the future of business rates.
- 3.7** Under section 3(b) of the table at paragraph 9.5 of Part 3 of the Constitution, Strategic Directors and Operational Directors are able to extend contracts and agreements without the need for Cabinet approval:
- (a) provided that the extension would not be in breach of the Procurement Legislation.
 - (b) provided that the extension does not substantially alter the terms and conditions of the contract.
 - (c) provided that there is sufficient existing budgetary provision.

- (d) if the extension goes beyond the period of extension provided for in the contract (if any) or is otherwise not in accordance with the extension provisions in the contract:
- (i) in the case of any contract, agreement, deed or other transaction with a life of not more than one year (including any possible extension provided for in the contract) the extension shall not exceed a period of six months; or
 - (ii) in the case of any contract, agreement, deed or other transaction with a life of more than one year (including any possible extension provided for in the contract) the extension shall not exceed a period of one year.
- (e) the relevant cabinet member shall be consulted prior to a decision within (d) (i) or (ii) above and may request that the decision instead be referred to them.

3.8 It is considered that you have delegated authority as:

- (a) the extension is not be in breach of the Procurement Legislation.
- (b) the extension does not alter the terms and conditions of the contract.
- (c) there is existing budgetary provision.
- (d) the extension is limited to that allowed for in the contract.
- (e) clauses (d) (i) or (ii) do not apply as the extension is allowed for in the existing contract.

4.0 Financial Implications

4.1 The table below sets out the costs that will be incurred up to the initial end date of 30 April 2024 and the costs from May 2024 to April 2027:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (April)	2024-25 (May to March)	2025-26 (April)	2025-26 (May to March)	2026-27 (April)	2026-27 (May to March)	2027-28 (April)	3 year contract extension total
Total @ contract start	£414,267	£372,351	£379,409	£373,124	£378,721	£31,395	£347,266	£31,560.08	£378,721	£31,560	£378,721	£31,560	£1,199,388
Incentive	NA	NA	NA	£0	£0	NA	NA	NA	NA	NA	NA	NA	
Initial Total	£414,267	£372,351	£379,409	£373,124	£378,721	£31,395	£347,266	£31,560	£378,721	£31,560	£378,721	£31,560	£1,199,388
Revised total with previous year indexation included				£388,220	£423,160	£38,790	£426,686	£38,789.67	£448,021	£40,729	£459,221	£41,747	£1,455,194
Indexation/estimated May of each year			2.32%	9.00%	10.0%	NA	5.0%	5.0%	2.5%	2.5%	2.5%	2.5%	
Total			£388,220	£423,160	£465,476	£38,790	£448,020.67	£40,729	£459,221	£41,747	£470,701.72	£42,791	£1,503,211

4.2 As of May 2022, the annual cost of the contract is £423k. The contract price increases annually in line with Consumer Price Index (CPI) inflation at May. Assuming that inflation remains high into 2023, before reducing thereafter, the annual cost will increase again to £489k at the start of the extension and £513k at the end of the contract, with a total estimated cost of £1.5m over the life of the extension.

4.3 The actual cost of the extension will be dependent on the actual rate of inflation. For every 1% of inflation, the annual cost will increase by approximately £5k. However, provision is made within the Council's Medium Term Financial Strategy for contract indexation, so any impact on the Council's budget of granting the extension is expected to be minimal.

5.0 Legal Implications

5.1 Officers recommend the extension of the contract for National Non-Domestic Rates (NNDR) Administration and Associated IT Support Services with Capita Business Services Ltd for the period of three years from 1 May 2024 to 30 April 2027.

5.2 The value of the proposed extension is such that it is subject to the Public Contract Regulation 2015 (PCR 2015).

5.3 The contract contains provision regarding extending the contract for a period of three years.

5.4 Regulation 72(1)(a) of the Public Contracts Regulation 2015 (PCR 2015), recognises that contracts may need to be modified without the need of a new procurement procedure where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, provided that such clauses—

- (i) state the scope and nature of possible modifications or options as well as the conditions under which they may be used, and
- (ii) do not provide for modifications or options that would alter the overall nature of the contract or the framework agreement.

5.5 Officers at paragraph 3.9 have confirmed the proposed extension is in accordance with the contract and therefore, the proposed extension falls within the case envisaged by Regulation 72(1)(a) of the PCR 2015.

5.6 The Corporate Director, Resident Services is authorised pursuant to Paragraph 9.5 of Part 3 of the Constitution to extend contracts subject to the conditions set out in paragraph 3.8 above. As set out in paragraph 3.9 above, none of these conditions preclude the Corporate Director, Resident Services agreeing the recommended extension.

6.0 Equality Implications

6.1 The Council must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment and victimisation
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.

6.2 Under the Public Sector Equality Duty, having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

6.3 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

6.4 The proposals in this report have been subject to screening and Officers believe that there are no adverse equality implications.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not required for this report.

8.0 Human Resources/Property Implications (if appropriate)

8.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from extending the contract.

Report sign off:

Peter Gadsdon
Corporate Director Resident Services

4 November 2022